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by

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**“Lighting Up Screens Around the World”:
Sony’s Local Language Production Strategy Meets Contemporary
Brazilian and Spanish Cinema**

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Dissertation

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Dedication

To Brian, Mom, Dad, and Jessica for your enduring love and support.

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**“Lighting Up Screens Around the World”:
Sony’s Local Language Production Strategy Meets Contemporary
Brazilian and Spanish Cinema**

Courtney Elizabeth Brannon Donoghue, Ph.D.

The University of Texas at Austin, 2011

Supervisors: Janet Staiger and Joseph Straubhaar

The local language production strategy (LLP) emerged in the early 1990s and developed into a key practice for major media corporations operating in Latin America, Europe, and Asia. This dissertation analyzes where Sony’s international production strategies intersect transformations in the Brazilian and Spanish film industries during the mid-1990s to 2010. The LLP strategy, widely perceived as a corporate product of globalization and market power of Sony, is simultaneously viewed as a culturally specific media product intended for local Portuguese or Spanish-language audiences using national tax incentive policies and talent. This project provides a multi-layered history of Sony’s trans/national practices, Latin American and European regional industries, Brazilian and Spanish national policies and conditions, and the creative agency and power of local film production companies. Adapted from Timothy Havens, Amanda D.

Lotz, and Serra Tinic's critical media industry studies approach and Paul du Gay's "circuit of culture," I conducted archival research and on-site field interviews in Rio de Janeiro, São Paulo, Madrid, and Brussels with local producers, distributors, policymakers, lobbyists, and Sony executives. The study is grounded equally in box office data, co-production financing specifics, and cultural policy as well as first-hand accounts and industry discourse. Instead of labeling the LLP another all-powerful strategy of Global Hollywood, I explore the everyday practices, power relations, and complex negotiations involved in local and national agents working alongside large transnational media company to produce commercial films like *Chico Xavier* (2010) or *Salir Pitando* (2007). Sony's local operations have to balance the global corporate strategy and logic with changing local conditions, policies, practices, technologies, and partnerships. Each location study illustrates a unique strategy and situation ranging from the quasi-autonomous operation in São Paulo to the short-lived, highly micro-managed Sony European operation in based in Madrid. I challenge traditional theoretical and industrial understandings of national cinema, media imperialism, media convergence, and the classification of Sony Pictures Entertainment as solely an American or Japanese company. What results is a close institutional analysis exploring issues such as what defines "local" media industries, the flexibility of the nation, and the position of transnational media companies outside the U.S.

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Chapter One

Introduction

Over the past three decades, the large sweeping effects of globalization have resonated through regional, national, and local media systems, markets, and audiences. Significantly, the year 1989 marks a turning point in major geo-political, economic, and cultural movements that signals increasing global integration and deterritorialization. 1989 marks a transformative moment that reflects the growing decentralized position of the nation-state, the flexibility of borders, and increased mobility of people, capital, ideologies, technology, and media. Specifically, three key events illustrate this moment. They also offer the cultural-industrial context for my location-based analysis of contemporary film industries through Sony Pictures Entertainment's local language operations co-producing films in Brazil and Spain.

In September 1989, the Japanese media company known for making the Walkman and home audiovisual hardware such as television sets and the failed Betamax acquired the American film and television company Columbia Pictures Entertainment. Sony's purchase marks one of the first in a wave of mergers and acquisitions in the 1990s that would fold the Hollywood film studios under the umbrella of larger transnational media conglomerates. In the following years, this entertainment division reorganized into Sony Pictures Entertainment, a transnational film, television, and home entertainment company within the parent Sony Corporation.

In Europe that November, a long process towards the democratization of Eastern Europe culminated in the fall of the Berlin Wall. This event symbolically marked the subsequent descent of Eastern European Communist “Iron Curtain” rule and reintegration of the region. The following years witnessed opening up of European borders not only for financial markets but also for the movement of people and media across national lines. The formation of the European Union (EU) in 1993 and pan-European media policies and support systems worked to strengthen regional integration and redefine media audiences beyond national borders. The infamous Uruguay round of GATT debates raised questions about whether media should be protected under cultural policies as argued by the EU or flexible under free market policies as suggested by the U.S. This period defines contemporary European cultural policies and industries for the following decades.

Finally, in December of 1989, Brazil had its first democratically elected President after more than a twenty-year military dictatorship. Yet, governments across Latin America witnessed economic collapse signaled by hyperinflation, high unemployment, and government cut social and cultural programs. In Brazil, this restructuring included dismantling the state-run film industry that resulted in zero local films produced the following year. Marking the end of the state-supported film enterprise, Embrafilme, neoliberal policies characterized this period and restructured the Brazilian cinema around a privatized, market-driven, and more internationalized industry.

My dissertation begins at 1989 in order to ground my project in waves of conglomeration and media convergence, battles over de/regulation, and redefinitions of local media through cultural policies washing simultaneously over North America, Latin America, Europe, and Asia. In all three of these situations, larger political, economic, cultural, technological, and ideological forces altered media institutions, industries, practices, and markets. The opening events serve as my historical starting point to interrogate the post-1989 period and how larger forces of globalization have altered geographical mapping and cultural-industrial conditions around and practices within media industries.

Larger theories of globalization provide the context for my dissertation. Terms such as mobility, flexibility, deterritorialization, fluidity, and interconnectedness have come to represent and drive the contemporary period. A slippery and abstract term, globalization is understood as unified global time or simultaneity, increased emergence of transnational institutions and agencies, destabilized nation-state, development of further forms of global communication and change in standards of citizenship across local, national, regional, and transnational spaces.¹ Arjun Appadurai describes: “the new global cultural economy . . . a complex, overlapping, disjunctive order, which cannot any longer be understood in terms of existing center-periphery models (even those which might

¹ Mike Featherstone, “Introduction” in *Global Culture: Nationalism, Globalization and Modernity* (London; Newbury Park: Sage Publications, 1990): 6.

account for multiple centers and peripheries.”² A disjunctive relationship between five dimensions of cultural flow—ethnoscapes, mediascapes, technoscapes, finanscapes, and ideoscapes characterizes the post-1989 period.³ My understanding of contemporary media flows and globalization that runs through this project is defined through these notions of mobility, flexibility, space/place, and disjuncture. I define globalization as increased transnational “complex connectivity,” the collapse of earlier separations of time and space, and destabilization of the nation-state through local, regional, and transnational forces.⁴

Charles Acland asks: “what exactly is this globalization that we have agreed is occurring and whose certain existence guides so many of the practices of producers of filmed commodities?”⁵ Whether operating in increasingly open and interconnected European markets, investing in newly privatized Latin American media productions, or simultaneously releasing English-language films in thirty territories worldwide, today media companies and their products flow faster, more easily, and farther than ever before. In turn, industry professionals and academics are forced to reimagine notions of media texts, industry practices, institutions, and audiences within these shifting dynamics and

² Arjun Appadurai, “Disjuncture and Difference in the Global Cultural Economy” *Public Culture* Vol. 2, No. 2 (Spring 1990): 6.

³ *ibid.*, 6-7.

⁴ John Tomlinson, *Globalization and Culture* (Chicago: University of Chicago Press, 1999): 2; David Harvey, *The Condition Of Postmodernity: An Enquiry Into The Origins Of Cultural Change* (Oxford: Blackwell, 1989): 284; Roland Robertson, “Mapping the Global Condition: Globalization as the Central Concept,” *Global Culture: Nationalism, Globalization and Modernity*. Mike Featherstone, ed. (London; Newbury Park: Sage Publications, 1990): 25.

⁵ Charles Acland, *Screen Traffic: Movies, Multiplexes and Global Culture* (Durham: Duke University Press, 2005), 32.

processes. In this project, I will interrogate themes of interconnectivity, flexible borders and identity, mobility, and cultural geography in relation to political economic forces and how they shape Sony's culture of production/production of culture during this period.

My project examines one production division within one transnational media company—Sony Pictures Entertainment's international film division and the local language production (LLP) strategy. Beginning in the 1990s, a handful of SPE executives developed a strategy for expanding production and distribution of local content across key territories in Europe, Latin America, and Asia. I trace the origination of the LLP strategy and analyze how it operates within local industries through the case studies of Brazil and Spain. In each industrial location based in either Madrid or São Paulo, the Sony operation has to balance the global corporate strategy and logic with local conditions, policies, practices, and specific partnerships. What results is a close institutional analysis exploring issues such as what defines "local" media industries, the flexibility of national cinema, and the position of transnational media companies.

Part of my project's work is to define and deconstruct the theoretical categories of local, national, regional, transnational, and global in relation to academic, industrial, institutional, and location-specific usage and the case of local language films. I want to avoid earlier binary categories related to globalization of the local vs. the global or a fixed notion of the nation as static and contained. Instead, I utilize these terms in a focused and particular way. Specifically, I interrogate Sony's discursive use of the terms

global and *local* to describe the “internationalization” of their production and distribution strategies within a context of convergence and vertical and horizontal integration among Sony Pictures Entertainment divisions. I also explore how Sony’s local language division and their Brazilian and Spanish partners imagine and apply categories such as Hollywood against notions of national or local media. A comparison of these definitions and categories based on industrial and geographical histories reveals contradictory language that varies from industry to industry. Yet, I do not intend to apply an overall general theory to explain local language films and operations since cultural specificities and industrial conditions of both LLP divisions vary. Instead, I consider how this institutional production strategy operates differently in each location. I categorize the Brazilian case operating as *translocally*, or what results when a *transnational* media company operates within particular *local* media industries producing media that is shaped by both processes and spaces/places. Therefore, my project explores the interactive nature and intersection of a transnational, national, and local partners and cultures of production/production of culture. The Spanish case begins and ends due to conflicting cultures of production internally within Sony’s global and Spanish operations as well as national and regional pressures and conflicting film practices.⁶

⁶ I borrow the definition of *translocal* from Patrick D. Murphy and Marwan M. Kraidy’s media audience ethnography work and Andreas Hepp’s work on media cultures. In explaining their use of the term “translocal,” Murphy and Kraidy emphasize the importance of adding ‘trans’: “lies more in its capacity to comprehend the articulation of the global with the local, than its supposed ability to understand the local in isolation of large-scale structures and processes” Patrick D. Murphy and Marwan M. Kraidy, *Global Media Studies: Ethnographic Perspectives* (New York: Routledge, 2003): 304; Andreas Hepp, “Transculturality as

GLOBAL(IZATION) HOLLYWOOD

In relation to companies like Sony Pictures Entertainment, Thomas Schatz suggests the major macro-industrial forces of globalization, conglomeration, and digitization mark a new period of “Conglomerate Hollywood.” The formation of six major media companies began in through the acquisitions of Columbia by Sony, Fox by News Corp, Universal by GE, and so on. Traditionally American-based film studios became film divisions within larger global media conglomerates that incorporate the entire entertainment business and transcend geographical borders. Both he and Tino Balio identify major transformations of this era including 1) the strategic integration of film and television operations and 2) the dominance and dependence on the global marketplace.⁷

The integration of film and television is best understood in relation to theories of media convergence. On the one hand, Henry Jenkins characterizes the Conglomerate Era as driven by new media technologies offering more accessibility, affordability, availability, and interconnectivity than ever before among television, film, home entertainment, gaming, and new media. On the other hand, the concentration in ownership of media companies worldwide has led to the formation of a handful of multinational operations dominating cross-media production, distribution, and

a Perspective: Researching Media Cultures Comparatively,” *Forum: Qualitative Social Research* 10:1 (January 2009): 3.

⁷ Thomas Schatz, “The Studio System and Conglomerate Hollywood” *The Contemporary Hollywood Film Industry* Paul McDonald and Janet Wasko eds. (Malden, MA: Blackwell Pub., 2008): 25-27; Tino Balio, *United Artists: The Company That Changed The Film Industry* (Madison: University of Wisconsin Press, 1987): 58; Tino Balio “‘A Major Presence In All The World’s Important Markets’: The Globalization of Hollywood in the 1990s,” *Contemporary Hollywood Cinema* Steve Neale and Murray Smith, eds. (London: Routledge, 1998): 58-77.

exhibition.⁸ Yet, this concentration and convergence does not function in a neat and tidy linear fashion. Jenkins argues convergence of technology, divisions, and content within media conglomerates operates less as an integrated strategy and more as disjunctive and contradictory practices across entertainment divisions. He contends:

Sometimes media executives are thinking across media; sometimes they can't extract themselves from medium-specific paradigms. Collaborations, even within the same companies, are harder to achieve than we might imagine looking at top-down charts mapping media ownership. The closer to the ground you get, the more media companies look like dysfunctional families.⁹

Similar to the difficulty in mapping the messy processes of globalization, there is no neat implementation of media convergence within one company or industry-wide. One of the goals of my project is to interrogate both the dysfunctional collaborations across Sony's local language divisions as well as the successful relationships with local independent partners. The description of a "dysfunctional family" comes up again throughout my research as the implementation of a local production strategy on a global scale results in both box office success as well as in-fighting and conflicting visions for local language films. This discourse of "failure" arises during the transitional years after Sony's acquisition of Columbia and the widely reported synergy film flops discussed in Chapter Three as well as the entire Madrid-based operation in Chapter Five.

In addition to cross-media strategies, media companies are pushing towards more cross-cultural models in order to reach media markets worldwide. Although the

⁸ Henry Jenkins, "The Cultural Logic of Media Convergence," *The International Journal of Cultural Studies*. 7:1 (March 2004): 33.

⁹ Jenkins, 38.

importance of the global marketplace coalesced around WWI for both American and European film companies, the reliance on worldwide revenue has increased significantly in recent decades for media conglomerate entertainment divisions like Sony Pictures Entertainment. This situation is referred to as Global Hollywood or “Hollywood Biz Without Borders.”¹⁰ Traditionally, the media content of these companies has been launched in the North American market and drove all subsequent markets from theatrical sales to home entertainment. While Hollywood film companies earned more than half of their revenue from non-U.S. markets since the 1960s, it has only been the last two decades that “international” box office receipts out earn the North American box office two to one.¹¹ Furthermore, future growth in non-U.S. markets far outweighs the “domestic” market. The Latin American market grew by 25 percent in 2010 whereas the domestic, North American box has remained stagnant over the previous four years.

While “international” or non-U.S. markets are clearly the most profitable for these media companies, this data raises a number of questions. First, what do scholars and industry professionals mean by the term “international”? Mike Goodridge argues the ‘foreign’ designation is “a vaguely derogatory term, of course, relegating the 50 or so significant territories outside the U.S. with all their different tastes, audience

¹⁰ Ali Jaafar, “Hollywood Biz Without Borders,” *Variety* (17 April 2009) accessed online (24 February 2010) <http://www.variety.com/article/VR1118002564?refCatId=2520>

¹¹ According to a MPAA 2010 Market Statistics Report, the “international” box office earned \$21.2 billion (67 percent) while the North American earned \$10.6 billion (23 percent). MPAA, Theatrical Market Statistics 2010. <http://www.mpa.org/Resources/653b11ee-ee84-4b56-8ef1-3c17de30df1e.pdf> accessed online (1 March 2011).

demographics, and exhibition landscapes into one lumpen market.”¹² This vague reference diminishes the scope, span, and intricacies of European, Asian, Latin American, and African media markets under a problematic “Othering” dichotomy reminiscent of the West versus the rest. While the U.S. is still considered a primary market and production center for Sony’s content, the move to capture the larger global audience is forcing Sony and other major media corporation to rethink their production and distribution strategies. If Sony Pictures Entertainment is truly a transnational media division within a media conglomerate with operations expanding a diverse global marketplace, then why does it continue to reference the U.S. as the “domestic” market for its film and television divisions? Should media scholars ignore the local intricacies and cultural specificities that make up the “international” box office by framing our research from a U.S. location point-of-view? Only by criticizing these notions of domestic versus international and narrowing the perspective on these markets by region or nation can we understand the complexities and nuances surrounding how contemporary media is conceived, produced, and received.

Second, historically film studies have focused specifically on English-language production practices and film operations of Hollywood studios. Schatz outlines a film-class tier system of the globalization era including: 1) big budget tentpole blockbusters produced by conglomerate film studio divisions and aimed at global audiences, 2) mid-

¹² Mike Goodridge, “Putting the Foreign First,” *Screen Daily* (18 June 2009) accessed online (15 January 2011).

range budgeted genre pictures produced by film sub-divisions for a more specialized audience, and 3) small budget “truly” independently directed and produced films. He nods to the Hollywood conglomerates’ relationship to the global marketplace but does not fully develop it since this is not the focus of his research. Yet, how do we understand the international operations of conglomerates’ film and television divisions in relation to this contemporary schema? While the performance of English-language products globally is an important characteristic of this period, in reality, film and television operations of companies such as Sony, Warner Bros., Universal, Fox, Disney, and Paramount increasingly are far more diverse and multi-layered than the big blockbuster and quirky indie fare that dominates film industry studies and industry trade journals. Namely, in this era of increased media exchange, flexible national borders, and interconnectivity, major media companies are turning towards more localized models within Latin America, Europe, and Asia. These local language operations cannot and should not be explained by earlier scholarship that focused on the international flow of English-language blockbusters. Therefore, the focus of my project is to examine how localized film operations of companies like Sony function outside of U.S. audiences and English-language content and intersect with contemporary commercial media in local industries. I am interested in notions of “local” media less through the academic perspective and more by Sony Pictures Entertainment and its Brazilian and Spanish partners definition of the local in relation LLPs. In light of larger forces of globalization, how do these local

production and distribution operations develop and operate? In turn, a major contribution of my project is to analyze the vague notion of the “foreign” market by examining Sony’s international divisions, partnerships, and production from a local industrial context outside of the United States.

WHAT/WHERE IS SONY?

Before moving into a focused summary of my project, I will define a few broad terms. As viewed through the lens of globalization, they justify further clarification. Primarily, throughout my project, I refer to various divisions of the Sony Corporation. However, it is necessary to understand the diverse and multi-layered nature of this media conglomerate beyond a vague or universal Sony brand. *What does Sony entail?* On a broad level, the Sony Corporation is a media hardware and software company. In a March 2005 Newsweek article, “Sony Is Not Japan,” Sony Corporation’s CEO Howard Stringer asserted: “A hardware device is not worth anything without content.”¹³ Beginning as a Japanese hardware company developing audiovisual products such as Betamax, Walkman, televisions, and Playstation, Sony has transitioned into a “total entertainment” model since its acquisition of Columbia Pictures Entertainment (now

¹³ Hideo Takayama, Michael Hastings, Christian Caryl, George Wehrfritz, John Sparks, and Kay Itoi, “Sony Is Not Japan,” *Newsweek* (21 March 2005) accessed online (1 June 2011).

Sony Pictures Entertainment) and CBS records (now Columbia Records).¹⁴ Sony's position as a media company crosses and extends to all aspects of the entertainment industries reflecting Jenkins's description of media convergence. As of 2011, the Sony Corporation consists of a wide variety of subsidiaries from mobile technology, home video, and computer hardware to music and screen entertainment as illustrated by the Sony Group Organization chart below.¹⁵

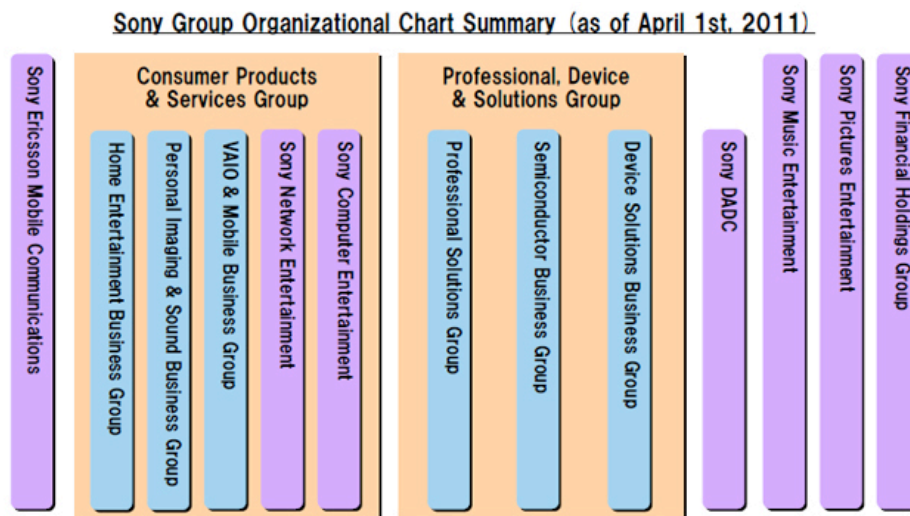


Fig. 1.1: Sony Corporation Structure

The Sony Corporation is the only media conglomerate whose filmed entertainment operation (Sony Pictures Entertainment) is complemented by both a consumer electronics (Consumer Products and Services) and a computer entertainment

¹⁴ The widely reported story of Sony's quest for media synergy is discussed in more detail in Chapter Three.

¹⁵ Sony Group Organizational Chart Summary, Sony Corporation website. (1 April 2011) accessed online (4 April 2011). <http://www.sony.net/SonyInfo/CorporateInfo/Data/organization.html>

group (Sony Computer Entertainment). According to Paul du Gay, et al., Sony's expansion into producing both media technology platforms and content:

highlights how text and technology, hardware and software, production and use are dependent on each other and are interrelated. Sony is not simply a hardware company but part of a culture industry. It is producing both technological products and cultural forms; cultural products are produced via an industrial process and it is also an industrial company with a distinct culture.¹⁶

Sony Corporation's wide participation in producing a vast array of media products across multiple industries results in a corporate structure and culture encompassing everyone from electrical engineers to film executives. Depending on which part of the company analyzed, what sector of the media or entertainment industry, and whether a group is located in Los Angeles or Tokyo, Sony signifies many different meanings for a single media conglomerate. After the acquisition of Columbia TriStar Entertainment and restructuring into Sony Pictures Entertainment, the filmed entertainment group continued to struggle financial at a loss for the Sony Corporation during the early 1990s. Yet, over the time period of my study between 1989 and 2010, the positions of the hardware and software groups switched. By the late 2000s, the consumer electronics group lagged behind the rest of the industry such as Apple and Panasonic, while the SPE turned profits and was positioned as a leader in the film and television industry.¹⁷

¹⁶ Paul du Gay, Stuart Hall, Linda James, Hugh Mackay, and Keith Negus, *Doing Cultural Studies: The Story of the Sony Walkman* (London: Sage, 1997): 82.

¹⁷ "Sony Profits Rise With Help From Film, TV," *Deadline Hollywood Daily* (29 October 2010) accessed online (15 November 2010).

I consider a particular area of the Sony Corporation, its processes, and production of culture/cultures of production.¹⁸ Specifically, my project will focus on the subsidiary Sony Pictures Entertainment (SPE), which produces and distributes all of Sony's film, television, and home entertainment products.¹⁹ SPE is organized around the following groups and divisions:

- **Columbia TriStar Motion Picture Group** (includes Columbia Pictures, Sony Pictures Classics, Screen Gems, and TriStar Pictures, Sony Pictures Releasing, Sony Pictures Releasing International, and International Motion Picture Production Group)
- **Sony Pictures Home Entertainment** (includes their film and television catalog, DVD and Blu-ray distribution)
- **Sony Pictures Television Group** (includes all domestic and international production and distribution, such as the various Sony Entertainment Television and AXN networks)
- **Sony Pictures Digital Productions** (includes Sony Pictures Animation and Sony Pictures Imageworks)
- **Sony Pictures Studios**

¹⁸ du Gay argues production of culture cannot be limited solely to economic factors: "processes of production are themselves cultural phenomena in that they are assemblages of meaningful practices that construct certain ways for people to conceive of and conduct themselves in an organizational context." Paul du Gay, "Introduction," *Production of Culture/Cultures of Production* ed. Paul du Gay (London: Sage, 1997): 7.

¹⁹ See the Appendix for a logo organizational map of Sony Pictures Entertainment and its key divisions.

- **Sony Pictures Technologies**²⁰

While all of these divisions participate in international operations from various angles of production, distribution, and exhibition, the majority of their operations focus on the production and distribution of English-language content released worldwide. By narrowing my research topic to local language productions, I deal with a focused area of the Columbia TriStar Motion Picture Group—the International Motion Picture Production Group (IMPPG) and its various local divisions, Sony Pictures Releasing International and its local distribution offices, and key SPE executives that oversee these operations. It is important to note that SPE’s IMPPG has only existed as a consolidated group since 2007. Prior to 2007, the SPE CEO and a handful of other executives oversaw all LLP divisions through committees and a loosely structured division. A handful of executives from Columbia TriStar Motion Pictures Group, Television, and Home Entertainment oversaw all local language territory offices and operations.²¹

The wide scope of SPE’s various groups and their interconnected relationships raise my second terminological issue: *what defines film today?* The structure of Sony Pictures Entertainment various divisions and the technologies developed and employed by the Sony Corporation as a whole force us to rethink what we mean by a “Sony film.”

²⁰ Sony Pictures Entertainment, Inc. Corporate Fact Sheet, Sony Pictures website, accessed online (4 April 2011). <http://www.sonypictures.com/corp/corporatefact.html#operations>

²¹ Throughout this project, I may refer generally to the “SPE executives” involved in greenlighting a specific LLP or influencing a LLP strategy in a specific location. I use this general term to describe the cross-section of executives from the various groups such as Columbia TriStar, Home Entertainment, and Television involved in the decision-making process that creates and implements local language productions.

In this era of globalization, deregulation, digitalization, and convergence, film can no longer be defined merely as a celluloid technology projected onto a dark theater screen. Film transcends traditional medium-specific categories of technology, practices, institutions, and audiences to include motion pictures and telefilm series. For example, one of Sony's recent film releases *Eat, Pray, Love* (dir. Ryan Murphy, 2010) can be watched theatrically, streamed through Netflix, played as a DVD, shown on premium or cable television, and played on an iPad or laptop in various locations worldwide. Any of these SPE groups and divisions may participate in the development and release of this film from Sony Pictures Releasing as the domestic distributor or Home Entertainment producing and releasing the DVD. Following this cross-media logic, I utilize a broader understanding of film as feature length motion pictures, particularly considering the blurring relationship between television and home video groups (both SPE divisions and local film and television partners) in the life of any given film project. These cross-media relations are important not only for the internal story of Sony's LLPs but also how transforming practices within the industries alter this strategy differently in Brazil and Spain.

From the corporate headquarters in Tokyo with locations across Japan and New York City to its Sony Pictures Entertainment headquarters in Culver City, California, Sony resembles a major media conglomerate with diverse holdings globally. Another question that arises: *Where is Sony?* As Sony Pictures Entertainment's diverse operations

push the traditional boundaries of film, it also transgresses traditional understandings of national borders and media industries. Whether from its brick and mortar offices to the flow of its media content, employees, and resources, SPE and its various media divisions stretch far beyond the media capital and subsidiary headquarters in Los Angeles. As Janet Staiger notes, “any attempt to figure out what 'nation' any major film conglomerate belongs is really attempting the impossible—and the unnecessary.”²² As I will argue, this is particularly important in a contemporary industry characterized by deterritorialization and the increased flexible flow of finance, institutions, talents, technology, and the films themselves. SPE media products are developed, produced, distributed, and exhibited in scores of countries around the world. From the theatrical release of *Eat, Pray, Love* in over fifty international territories and the film’s international shooting locations to territory offices in Latin America, Europe, and Asia, SPE produces content beyond cultural linguistic or nation-specific boundaries intended for a global *and* local audience.

As my project argues, the company’s “location” shifts depending on the motion picture, the production strategy, and Sony’s imagined audience. Since Sony operates globally through so many international offices and is consumed by diverse audiences, the company is no more solely a Japanese company than an American studio. Trying to contain media flows and processes within fixed borders or national space is futile and not the aim of this project. Instead, I focus on location case studies where Sony’s

²² Janet Staiger, “A Neo-Marxist Approach: World Film Trade and Global Cultural Flows,” Alan Williams ed. *Film and Nationalism* (New Brunswick: Rutgers UP, 2002): 234.

international production offices and LLP strategy operate. This scope allows for exploring how transnational practices are imagined within a particular industrial location and with local players. I am interested in tracing the paths, practices, positions, and partnerships of SPE's local language film division in key territories in Latin America and Europe since the 1990s. How do these film operations challenge our academic theoretical debates about space/place and cultural flows across the local, national, regional, and transnational? How do these local language film partnerships change our understanding of *what is Sony*, *what is film*, and *where is Sony*?

THE ORIGINS AND TRAJECTORY OF MY PROJECT

The idea for this project originated from my earlier research on the contemporary Brazilian film industry. Since the 1990 dismantling of the state-supported film enterprise, Embrafilme, Brazilian cinema evolved toward a market-driven, tax incentive supported system marked by a commercial rebirth and production boom with the 1994-1998 *retomada* (revival, rebirth). One of the key transformations of this post-1998 period is increased partnerships of Brazilian independent producers and filmmakers with the local offices of transnational film companies such as Sony, Warner Bros., Universal, Paramount, and so on. Local media operations like Sony do Brasil now co-produce and distribute the majority of local language films within Brazil, including a large percentage of the top twenty grossing Brazilian films of all time. Most notably, Sony do Brasil was

the first transnational film company in Brazil to pursue a local production strategy based on generous tax incentives (as discussed in Chapter Four) beginning around 1994. This co-production trend seemed different from the way “international” operations had been discussed in earlier academic literature. My early research questions included: How do co-productions such as *Chico Xavier* (2010, dir. Daniel Filho), *5xs Favela: Agora Por Nós Memos* (2010, dir. Carlos Diegues), and *Lope* (2010, dir. Andrucha Waddington) between Sony do Brasil and independent production companies operate? How does creative decision-making and agency of Brazilian producers factor into this relationship? How does each partner understand or classify this film collaboration—in relation to notions of Hollywood or Brazilian cinema? What is the relationship between Sony do Brasil and its parent company, Sony Pictures Entertainment and the other entertainment divisions in producing and distributing these films?

Upon further investigation, I discovered Brazil was not the only location for these co-productions. Beginning in the late-1990s, Sony Pictures Entertainment began a loosely structured international film division in order to oversee “local language productions” in multiple territories worldwide such as Hong Kong, Germany, Mexico, and Russia. In turn, the Brazilian production strategy went from being a one-off national example to the foundational case of a full-fledged global strategy for “local language productions” operating across Latin America, Europe, and Asia. This discovery took my project from a contained national industry context applicable only to Brazil to a broader institutional

strategy developed by Sony with wider global implications and diverse, local specificities. I knew immediately that I could not examine all of the Sony's LLP operations due to the scope of a dissertation project, my timeline, the resources available to conduct transnational research, and particularly my own limited grasp of each distinct cultural industry. I choose two of Sony's LLP divisions—Brazil and Spain.²³ Unlike the “successful” Brazilian case (early 1990s-), one of the most distinctive LLP situations was that the Spanish operation is widely considered to be a failure and lasted only six years (2001-2007). What intrigued me most in pursuing two locations or cases was in understanding how these differing local Sony operations adapted or changed the overall picture of the local language strategy depending on the national/regional industry and conditions.

In examining these local productions in Brazil and Spain, my initial inclination was to theorize this strategy within academic understandings of geo-cultural and linguistic media markets. Joseph Straubhaar and John Sinclair emphasize the importance of cultural linguistic markets such as the Lusophone, Anglophone, or Francophone regions to rethink traditional geographically-bound ideas of media production flows and consumption in this increasingly globalized era.²⁴ For example, Ibero-America (Iberian

²³ My decision to focus on Brazil and Spain was also based on more practical factors such as my previous on-the-ground experience in both locations, my knowledge of Portuguese and Spanish, my access to industry professionals, and general knowledge of both media industries.

²⁴ John Sinclair, “Geolinguistic Region As A Global Space: The Case of Latin America” *New Communications Landscapes* eds. Georgette Wang, Anura Goonasekera, and Jan Servae (London: Routledge, 2000); Joseph Straubhaar, *World Television: From Global to Local* (Los Angeles: Sage, 2007).

peninsula and Latin America) functions as an important geographical region for the flow of Spanish-language and Portuguese-language media. I assumed local actually signified a linguistic region. Therefore, my first assumption for Sony's corporate logic was that local language productions were a way to create content that could travel across this geo-cultural region and open up other Portuguese or Spanish-language markets.

However, my efforts to map academic theories about contemporary transnational media production and consumption onto Sony's local language strategy did not fit the realities of the research, practices, and market.²⁵ What I found in my field research in Brazil and Spain could not be explained by broad cultural linguistic regions but needed to be understood within the complex contexts of the local Brazilian or Spanish film industries, cultural policies, economic conditions, national histories and changing identities, and technologies. By approaching my research from the lens of two industrial location studies, I found two different and contradictory approaches to how Sony imagines the global marketplace through its LLP strategy. At this point, I refocused my research questions: What is Sony's local language production strategy? How is this strategy imagined and adapted? How does it operate differently depending on the location? What is the international division's (both from SPE headquarters and the local territories) relationship with their local production and distribution partners? What level of participation or agency do these partners hold? What negotiations or tensions arise in

²⁵ For a more in-depth discussion of relevant theoretical models and academic literature, see Chapter Two.

imagining “local” films (such as competing ideas of commercial film, national or regional media, audiences, and production practices)? In the case of Brazil, the partnerships between Sony do Brasil and local production and distribution companies operate through *translocal* negotiation combining Sony’s corporate culture and strategies with Brazilian cultures of production, industry practices, and market conditions. Sony’s strategy for adapting LLPs within European regional and Spanish national pressures, policies, and practices was created in a different industrial context and less successful result for Columbia Español. These focused findings are based on local language operations from a more nuanced, on-the-ground cultural industrial methodology grounded in cultural studies and media industry studies.

METHODOLOGY

In an extensive study on the Sony Walkman, Paul du Gay identifies five major cultural processes necessary in understanding company culture and practices:

- *representation* – how the media product is represented in language or discourses,
- *identity* – how various groups and types of people involved are imagined in relation to this product,
- *production* – how the media object is produced technically and culturally (made meaningful),

- *consumption* – how the media product is received, interpreted, and made meaningful by audiences,
- *regulation* – how institutions regulate production and consumption of the media product.²⁶

These interrelated processes interact as a “circuit of culture” and should be understood through Stuart Hall’s theories of articulation or as “a linkage whose conditions of existence or emergence need to be located in contingencies of circumstance.”²⁷ While du Gay, et al.’s study focuses on the hardware division of the Sony Corporation and the Walkman media product, their study is helpful in understanding the complex, overlapping processes at play with a distinctly cultural studies approach towards media institutions. By exploring the interrelated nature of the “circuit of culture,” du Gay’s model avoids the reductionist limitations of a strictly political economic method that focuses solely on a top-down perspective of larger institutional and industrial forces and the all-powerful driving hand of capital and ownership and controls as the site for decision-making. Instead, the Walkman study examines the media product through these equally important five processes and articulations of culture, power, and industry practices.

du Gay’s “circuit of culture” method best integrates these overlapping and dynamic processes of contemporary media industries, institutions, and partnerships. In

²⁶ du Gay, et al. 3-5.

²⁷ *ibid*, 3.

order to examine Sony's local language film strategy thoroughly, I apply elements of "circuit of culture" method. On the one hand, I consider how larger political, economic, cultural, regulatory, technological, and ideological processes shape SPE's local language production strategy within each local, industrial, and cultural context. Key economic policies and incentives, legislation, cultural policies, industry trade organizations, technological advances, ideas around cultural identity, "local" audiences, and national cinema all factor into the complex nature of the Brazilian and Spanish film industries and how SPE's local offices operate within them. On the other hand, I also explore the close-up human relationships and the internal language that shape these financial and creative partnerships between independent producers, local Sony creative teams, and SPE executives.

From a methodological level, how do academics begin to analyze the "circuit" or processes that shape and produce these local film co-productions? In turn, I ground my research in the area of media industry studies. Timothy Havens, Amanda D. Lotz, and Serra Tinic position a critical media industry studies approach through "a 'helicopter' level view of industry operations, a focus on agency with industry operations, a Gramscian theory of power that does not lead to complete domination, and a view of society and culture grounded in structuration and articulation."²⁸ This approach compliments du Gay's methods as both examine media institutions and products as sites

²⁸ Timothy Havens, Amanda D. Lotz, and Serra Tinic, "Critical Media Industry Studies: A Research Approach," *Communication, Culture & Critique* 2 (2009): 246.

of negotiation and issues of power relations. What distinguishes this approach from earlier industry studies research is a focus on mid-level processes and on-the-ground case studies. First, Havens, Lotz, and Tinic emphasize mid-level research as a way to understand the business culture and how particular media texts and practices arise from and reshape industrial practices. Mid-level research focuses on the media professionals such as producers and management making the day-to-day production decisions and negotiating relationships with their corporate executives and creative partners. This mid-level focus illustrates Tinic's work on runaway productions and the Canadian media industries in where she interviewed cultural workers including Canadian producers. She suggests:

the way in which institutional discourses are internalized and acted upon by cultural workers is an important missing link between political economy's concentration on larger economic structural forces and much of cultural studies' analyses of end products such as media texts and audience interpretations.²⁹

Institutional discourses and cultural workers' levels of negotiation and participation are vital to analyzing the production process within Sony Pictures Entertainment and are a central part of my methodology.

Second, they argue for "the imperative of case study methods that shed light on the ways in which members of the media industries define the conventions of production and distribution based on their assumptions of the prevailing cultural values and issues of

²⁹ *ibid*, 247.

the time.”³⁰ This perspective greatly impacted the scope and shape of my project. By focusing on mid-level Sony local management and creative executives working on the ground in a particular local market or case study such as Spain or Brazil, I am able to offer a more nuanced analysis of one layer of international film operations that has been lacking from previous industry studies. Through a helicopter view of a company working in a specific industry, I aim to interrogate the cultural values, power relations, and level of agency involved in a local Sony operation partnering with independent production or distribution partners.

While I borrow my industry perspective and where I position myself in the field from Havens, Lotz, and Tinic, John Caldwell, Patrick D. Murphy, and Marwan M. Kraidy inform my research model in practice. In Caldwell’s study, *Production Culture: Industrial Reflexivity and Critical Practice in Film and Television*, he utilizes an “integrated cultural-industrial method” that includes interviews with film and television workers and “ethnographic field observations.”³¹ He suggests this on-the-ground approach offers a valuable glimpse into industry workings and logic, but warns this ‘cultural as an interpretive system’ approach should always be “seen as embedded in the play of power and politics.”³² It is specifically this play of power and industry politics internally and between Sony’s local offices and their partners that I am interested in

³⁰ *ibid*, 249-250.

³¹ John Thornton Caldwell, *Production Culture: Industrial Reflexivity and Critical Practice in Film and Television* (Durham: Duke University Press, 2008): 4; Caldwell examines below-the-line workers, whereas I am interested in middle management and creative professionals in each media industry.

³² *ibid*, 2.

interrogating. Furthermore, Murphy and Kraidy argue for the place of ethnography work in global media studies that “is locally based but globally engaged.”³³ While I do not directly employ the ethnographic practices of Kraidy, Murphy, and Caldwell, their methods inform my project. International fieldwork and extensive interviews with media industry professionals form the bulk of my industrial analysis. Murphy and Kraidy contend the site or place of research has become more fluid, “as the mise en scène of ‘the field’ is increasingly loaded with local adaptations of global cultural capital mediated via new ‘space’ practices, and imagined communities of media reception.”³⁴ Therefore, the value of this type of multi-faceted research is to investigate these new spaces and fluid nature of local media industries. By exploring a particular Sony division and strategy grounded in specific locations through on-the-ground fieldwork and case studies, my project adapts the “circuit of culture” to explore how media globalization operates simultaneously across trans/national and local spaces.

Influenced by the research methods of du Gay, Havens, Lotz, Tinic, Caldwell, Murphy and Kraidy, I structure my methodology around three key areas:

1) **archival** – box office data, state/cultural policies and financial data, institutional records, trade journals, popular press.

³³ Patrick D. Murphy and Marwan M. Kraidy, *Global Media Studies: Ethnographic Perspectives* (New York: Routledge, 2003): 303.

³⁴ *ibid*, 5.

2) **interviews** – in-person conversations with producers, distributors, policymakers, trade organizations, and Sony executives.³⁵

3) **general field research** – touring production facilities, screenings, observing theatrical spaces and local audiences.³⁶

Utilizing this multi-faceted approach, I conducted fieldwork through a two-month research trip to Brazil (Rio de Janeiro and São Paulo) and a five-week research trip to Spain (Madrid) and Belgium (Brussels) between 2010 and 2011. What developed is a study grounded equally in box office data, co-production financing specifics, and cultural policy as well as first-hand accounts, industry discourse, and an oral history of LLP operations in both locations. In terms of interviews and ethnography work, the process of building connections and corresponding with Brazilian and Spanish professionals was just as enlightening as what I learned from the interviews themselves. Much of my on-the-ground work involved understanding the intricacies of the business culture within each local cultural context, who was involved with what, and how they participated in what LLP.

My interview and fieldwork serves more as a way to understand the language, production of culture/cultures of production, and how Sony and partners imagine their

³⁵ A complete list of industry interviews appears in the Bibliography.

³⁶ Although I do not explicitly discuss my general field observations of Brazilian and Spanish film and theatrical facilities within the written dissertation, this research was invaluable in understanding the resources and position of the local production companies as well as the cultural practices of the professionals and national audiences. This helped to shape my understanding of distribution and exhibition practices within major cities in Brazil and Spain.

relationship within the local industry during a particular period of time. These accounts provide an extra layer of analysis missing from policy, financial, or textual analysis. In response to Caldwell's warning about a reflexive and embedded point-of-view in speaking with industry professionals, I approached my interview and ethnographic work as oral history and discursive patterns to understand Sony's LLPs practices.³⁷ As an American scholar researching Latin American and European film practices and culture, my subject position and academic status undoubtedly distanced me during my interviews. This idea of cultural-industrial distance existed at the forefront while conducting and analyzing the data.

Grounded in larger forces of globalization and corporate culture as well as the creative and financial decisions and human relationships playing out in each local industry, my project proposes the necessity of focused fieldwork and interactions with industry professionals to understand the cross-cultural or translocal perspective of these relationships and practices. By integrating qualitative interviews with international fieldwork as well as traditional archival research and textual analysis, my mid-level methodology examines the overlapping processes of the "circuit of culture" that produce and shape Sony's local language films.

³⁷ In March 2010, I applied for and received exempt status under the Institutional Review Board because my in-person interviews are classified as oral histories and discursive analysis.

CHAPTER OUTLINE

I structure my institutional and industrial analysis around location-specific case studies organized as one literature review chapter and three content chapters. My main research questions ask: what is SPE's local language production strategy? how does it operate differently in each local industry with various partners? Chapter Two outlines earlier academic literature and relevant theoretical models such as media imperialism, Global Hollywood, international media flows, and notions of national cinema. The goal of this chapter is to outline how previous scholars have addressed the position of large media companies like Sony Pictures Entertainment in local industries outside of the United States. How would previous and current theoretical models explain Sony's local language production strategy and partnerships? What are the contributions and limitations of each school of debate or approach?

Chapter Three provides the historical background on Sony Pictures Entertainment and how, through various film and television divisions, it expanded and redefined its international operations throughout the 1990s and 2000s. Research questions for this chapter include:

- What does it mean for SPE to be “global”? How does the Sony Corporation through its SPE subsidiary reimagine itself as a global media company operating across “all markets” and media industries? What language or discourses of globalization does Sony invoke?
- How is the Sony Corporation acquisition of Columbia Entertainment symptomatic of

discourses and tensions around globalization and national protectionism?

- Specifically, what international production or distributions strategies are developed post-acquisition?
- What is SPE's LLP strategy? How and why did Sony develop this strategy? How is the company's position as a co-producer imagined on broad level? How does Sony position or describe its relationship with local partners? What are some of the criticisms of the LLP strategy?

I explore how Sony fashions itself as a global media company and plans to operate in “all” markets and producing “total entertainment” worldwide as described by Paul du Gay.³⁸ This chapter examines SPE’s global expansion in three broad areas. First, I recount the acquisition of Columbia Pictures Entertainment by Sony Corporation in 1989 and the subsequent restructuring into SPE in the context of larger forces of conglomeration, convergence, and deregulation. The historical accounts of the Japanese company’s acquisition of an American film and television studio are widely known in international business and industry circles through discourses of corporate culture clash and failed synergy. For example, Sony’s entrance into Hollywood reveals the tensions and anxieties around fixed ideas of geography, nation, and cultural identity. Sony engages in the corporate language and industrial discourses of globalization during the post-acquisition period in the early 1990s.

³⁸ Paul Du Gay, Stuart Hall, Linda James, Hugh McKay, and Keith Negus, *Doing Cultural Studies: The Story of the Sony Walkman* (London: Sage, 1997): 79.

Second, after Columbia's restructuring into Sony Pictures Entertainment's "all" markets and "total entertainment" strategy as part of the television group, it expands international operations in Latin America during the mid-1990s. SPE's strategy in the region was to expand regional operations along an "adaptation curve" moving from joint ventures and importing English-language programs to establishing Sony Entertainment Television and co-producing local content. However, local television production in the region was seen as a failure due to conflicting production cultures. This led Sony's Latin America television group to refocus on film production and transition towards local language productions.

Third, I outline a general history of Sony's development and implementation of their local language production strategy. Beginning around 1998, SPE's international film division made a strategic shift towards local co-productions in smaller markets separate from English-language operations.³⁹ Described by SPE executives as a "bottom-up approach" to filmmaking, the LLP strategy is a film produced within a local industry such as Brazil, Germany, or India using local talent and creative professionals but financially supported, guided, and sometimes developed by Sony's local offices.⁴⁰ I map the trajectory and key characteristics, individuals, territories, and criticisms of this corporate strategy. Overall, this chapter analyzes the strategies, corporate language, and

³⁹ Laura M. Holson, "Hollywood seeks action overseas," *New York Times* (3 April 2006) accessed online (20 January 2010).

⁴⁰ Eric Pflanner, "Hollywood turning to non-English fare" *International Herald Tribune* (24 May 2004) accessed online (15 January 2010); Akemi Nakamura, "Hollywood's Japan units pursue local blockbusters," *The Japan Times* (12 December 2002) accessed online (28 January 2010).

globalization discourses representing SPE's expanding international operations and cross-media ventures over the past two decades.

In the next two chapters, I look at the different case studies of Sony's production and distribution of local language feature length motion pictures in which approaches and interactions vary depending on local conditions. Chapter Four examines the Sony LLP operation in Brazil and how it functions around a nationally-centered idea of industry and audience. I briefly trace the evolution of the Brazilian film industry since the 1920s and its relationship to other industries such as Hollywood. By the 1990s and 2000s larger forces of globalization, liberalization, deregulation, and conglomeration shaped key policies, financing mechanisms, and institutions leading to the rebirth, restructuring, and commercialization of the national cinema. The remainder of the chapter explores the history and operations of Sony do Brasil, the SPE local production and division office located in São Paulo, in relation to Brazilian industry culture and the language and discourses circulating among contemporary practices and institutions. Today, Sony do Brasil operates in a strong film industry characterized by growing film projects, box office number, and audiences. My chapter specific research questions are:

- What is Sony's LLP strategy for investing in Brazilian co-productions? Is Sony importing Hollywood production and distribution models or adapting to Brazilian models?
- How do the partnerships between Sony and local actors operate? How does creative

agency function in relation to financing?

- How do local producers imagine these projects within the context of industry practices and trends?
- Who are Sony do Brasil's and their partners imagined audiences?

Through my fieldwork, I interviewed local producers, distributors, government policymakers, former head of the MPA Latin America as well as the General Manager and former employees of Sony do Brasil (or “*os majors*” as they are known in Brazil). I investigated the daily, on-the-ground realities and complexities involved in co-producing the LLPs *Chico Xavier* (2010, dir. Daniel Filho), *5xs Favela: Agora Por Nós* Memos (2010, dir. Carlos Diegues), and *Lope* (2010, dir. Andrucha Waddington). These filmic examples demonstrate the processes and thinking related to raising funds, marketing practices, and attracting national audiences. Within the local industry, a production mentality emerges around the idea of “Brazil as different” or “Brazil as complicated” in relation to the distinct nature of negotiations and creative agency present in trans/national partnerships with Sony do Brasil. Yet, the internationalization of distribution and exhibition systems reveals the continued controversial position of key financial policies that privileges Sony do Brasil and other MPA members. I argue the Sony do Brasil LLP strategy functions *translocally* balancing between its position as a local partner and its role within a transnational media company. This case study not only demonstrates the disjunctive and contradictory nature of the media companies operating across multiple

nations but also the interwoven, complex nature of the contemporary trans/national filmmaking processes and the arguably historically globalized nature of the Brazilian film industry.

Chapter Five finds Sony's strategy in a different situation with the short-lived Spanish LLP operation, Columbia Film Producciones Español, that lasted from 2001 to 2007. Within the context of a globalizing and growing politically, economically, and culturally integrated European region, regional policies and practices shape the Spanish film industry as much as its national ones. This chapter explores Columbia Español's position in the Spanish film industry during the 2000s vis-à-vis the key conditions of co-production practices and financing, role of television broadcasters, online piracy, and declining theatrical distribution. Yet, Spanish cinema also reflects a historically tumultuous relationship with Hollywood film studios as outlined in my historical overview of state regulations and policies. State film institutions and industry practices worked to strengthen a cohesively independent national cinema as early as the 1920s to today. Significantly, key regional policies passed by the European Union in the late-1980s and 1990s shaped the local industry within a regional network of finance, cross-media practices, and co-production partnerships. My chapter focuses on Columbia Film Producciones Español (CFPE) during the 2000s and serves as a distinct example of a transnational media company operating within this shifting national and regional media

market. Considering the distinct industrial conditions and practices of Spanish cinema, my research questions include:

- How do we understand Columbia Film Producciones Español's position as a local language co-producer and partner in the Spanish film industry? How did Columbia Español operate within the Spanish film industry?
- How did the partnerships between Columbia Español and local actors operate? How did creative agency function in relation to financing?
- How did the relationship between Columbia Español and the SPE international production headquarters in Los Angeles function? Did tensions or conflict occur between Spanish industry practices and Hollywood production and distribution models?
- Why did the Spanish LLP strategy ultimately “fail” and why did Columbia Español close?

In the end, I argue the nationally-bound LLP strategy proved incompatible with the Spanish industry that operates through an interconnected national/regional/transnational network of finances, policies, people, and practices. I conducted field research in Madrid, Spain, and Brussels, Belgium, interviewing the former President of Sony's LLP division, Columbia Español, other former Columbia employees, partners, distributors, trade organizations such as the MPA Europe, policymakers, and regional funding entities such as MEDIA and Eurimages. The LLP

office, opened in 2001, began as a model of full financing and resulted in the first film, *Di Que Sí* (2004, dir. Juan Calvo). By 2005, the Madrid office expanded to include all European LLPs, particularly Spain, France, and Italy. Yet, the division maintained a production and distribution model based on categorizations “local” as one language and one national territory per Sony’s initial corporate strategy. Columbia Español’s final LLP, *Salir Pitando* (2007, dir. Álvaro Fernández Armero) adapted the strategy towards minority financing and co-producing with a local television broadcaster. By the 2000s, diminishing local audiences, increased online piracy, and an economic recession forced the SPE international production headquarters to stop Spanish LLPs and move its European production office to Germany. Columbia Español’s difficulty adapting a corporate strategy result from 1) changing national and regional industry conditions and 2) corporate micro-managing and conflicting cultures of production between the Madrid executives and the Hollywood processes of SPE’s international division headquarters in Los Angeles.

MAIN THEMES AND IMPLICATIONS

Companies like Sony Pictures Entertainment with their diverse media holdings and far-flung geographical locations are forcing academics to question long held ideas about “what is Hollywood?” and “what is a local film?” The LLP strategy reflects the implementation (and many times messy results) of SPE’s media convergence. From the

1989 acquisition to today, cross-media integration is an important factor in understanding the contemporary nature of media conglomerates and their various divisions. The LLP strategy in both case studies examines motion pictures beyond the theatrical realm and reveals the implications of television broadcasters, home video or DVD markets, and online media in how Sony imagines feature length films today.

As a particular case of contemporary media flows and exchanges, my project traces Sony's local language strategy across multiple geographic locations. With film and television operations worldwide, SPE operates within local industries co-producing local language films for local audiences from Brazil to India. Older academic binaries between commercial, hegemonic Hollywood and a culturally-specific national cinema break down here. While my study continues to question and critique the dominant global position of Sony and other major film companies, the idea of where Hollywood ends and national (non-U.S.) cinema begins is an impossible distinction. Sony's policies, partnerships, and productions are representative of the post-1989 period characterized by flexible notions of borders, nation-states, and "local" media. Industry practices such as local and international co-productions that involve multiple financial and creative partners across various media industries question ideas of the nation-state as the central foundation of film production in Latin America and Europe. While national film subsidies and incentives still are crucial to the development of a Brazilian or Spanish cinema, regional

and transnational relationships are reshaping and influencing categories and practice of local media industries.

One of the implications of my project is to question academic theories and models for national cinema or local media. While the nation is still a relevant factor due to regulatory, financial, and cultural influences, it is time to move beyond what Andreas Hepp and Nick Couldry call “container thinking.”⁴¹ Instead of viewing Brazilian or Spanish film industries through the container of a fixed and static nation-state, I approach the interconnected trans/national and regional nature and players involved in local language productions as symptomatic of the nation’s instability due to political, economic, technological, and cultural pressures from above and below. Many times the financial and creative realities of the film industry force producers and distributors to look beyond the nation for material, talent, technology, financing, partners, and audiences. Strategies by transnational media companies like SPE and its partners offer an excellent opportunity to investigate du Gay’s “circuit of culture” and the intersection of local, national, regional, and transnational forces involved. Tension and conflict emerged between SPE’s discourses of the global LLP strategy among executives versus the resistant ideas and contradictory practices of local Sony workers and their partners through their competing notions of an imagined Spanish or Brazilian cinema.

⁴¹ Andreas Hepp and Nick Couldry. “What should comparative media research be comparing? Towards a Transcultural Approach to ‘Media Cultures’” *Internationalizing Media Studies* ed. Daya Kishan Thussu (London: Routledge, 2009): 32, 36.

Furthermore, what I discovered during the research process forced me to rethink how academics conceive and conduct industrial analyses. How do levels of accessibility to industry professionals and reliability of data shape what projects we undertake and complete? My local industry fieldwork offered another perspective for academic institutional analyses that have been so heavily based on government, corporate, and trade data from a U.S.-location. Although this type of data plays heavily into my understanding of industrial and institutional historical context, only after talking with the professionals involved in these partnerships and productions did the structure of my project take shape. Relying on humans as research subjects whether for their memories, expert opinion, or even personal connection is a messy and unpredictable process. Oral histories may conflict or directly disagree with one another, particularly in terms of institutional language and industry practices. In understanding the diverse, contradictory nature of international film operations, particularly for the SPE's international division, my fieldwork allowed me to explore how ideas of local cinema, the LLP strategy, and Sony as Hollywood vary greatly depending on whom is asked.

An important influence to my project theoretically, methodologically, and empirically is Michael Curtin's *Playing to the World's Biggest Audience: The Globalization of Chinese Film and TV*. Curtin explores the transnational structure and cross-media practices of Chinese film industry across mainland China, Singapore,

Taiwan, and Hong Kong.⁴² In the early 2000s, the release of Hollywood co-produced *Crouching Tiger Hidden Dragon* (2000, dir. Ang Lee), *Hero* (2002, dir. Yimou Zhang), and *Kung Fu Hustle* (2004, dir. Stephen Chow) marked a major shift in the way major media companies viewed Chinese industries and audiences. Through a media imperialism lens, Curtin suggests this film cycle could be understood as further homogenization and Americanization of popular culture and Hollywood's continuous exploitation of creative professionals, labor, and local industries worldwide. Yet, he claims the situation is more complicated because:

behind these marquee attractions lies a more elaborate endgame as Hollywood moguls reconsider prior assumptions regarding the dynamics of transnational media institutions and reassess the cultural geographies of media consumption. For increasingly they find themselves playing not only to the Westernized global audience but also to the world's biggest audience: the Chinese audience.⁴³

He approaches this study through both wide-scale industrial as well as local fieldwork and interviews within the political, economic, and cultural context of contemporary East Asia. In a chapter on Hollywood and Taiwan, he describes conversations with local Warner Bros. and United International Pictures (UIP, a joint venture between Universal Pictures and Paramount Pictures for international distribution) executives about corporate practices, levels of decision-making, and local marketing of their English-language films to participate in local language content:

⁴² Michael Curtin, *Playing to the World's Biggest Audience: The Globalization of Chinese Film and TV*. (Berkeley: University of California Press, 2007).

⁴³ *ibid*, 1.

Yet even without quotas, the major Hollywood distributors held fast to past practices, keeping the number of prints in check as they tried to exert pressure on the exhibitors so as to sustain the premium rental prices to which they were accustomed. Interestingly, *tensions between the distribution and theatrical divisions of Warner Bros. reveal the complex relations within global media conglomerates themselves, showing how large-scale organizations can be subject to conflicting customs and interests*. In an attempt to gain leverage, Warner Village managers have made overtures to independent and Chinese film distributors, hoping to expand the pool of available titles and to subvert the market dominance of Hollywood distributors. Whether this represents a short-term strategy or a long-term commitment is unclear.⁴⁴

Looking at the competing activities of the film group's divisions Warner Village and Warner Bros. International within Taiwan, Curtin's work is important both theoretically and methodologically. Through location specific analysis and interviews within the context of a transnational Chinese cinema, he not only examines discursive strands and perspectives of the local executives but also from other independent producers and industry professionals. The study complicates models of national cinema and Americanization and challenges assumptions about the position and monolithic practices of transnational media companies like Warner Bros. and UIP. Instead, what he finds simultaneously is a rigidity about the conceived ideas around a "Chinese" audience and how to adapt their distribution practices within the Taiwanese market. Curtin reveals the cracks in these local strategies and what happens when Warner Bros. gets it wrong. Internal conflict on how to operate within a changing Chinese industry creates the

⁴⁴ *ibid*, 107. italicized for emphasis by author.

contradictory and, at times, dysfunctional nature of media conglomerates that try to expand “globally” instead of translocally.

The objective of this type of translocally focused research, according to Murphy and Kraidy, “should be resulting hybrid cultures: that is, the stylistic features of local cultural life that emerge materially and discursively as ‘tonalities’ (Geertz, 1983) of global culture.”⁴⁵ My project aims to explore the hybrid nature of Sony local language productions in Brazil and Spain through the ‘tonalities’ or conditions transnational, regional, national, and local conditions shaping them. In turn, one of the major contributions of my project is the close institutional analysis of Sony’s international operations through the LLP strategy and its relationships with local producers and distributors. In adopting a media industry studies approach, my project challenges earlier literature by integrating larger geo-political, economic, and cultural movements with on-the-ground field research in Brazilian and Spanish/European media industries and institutions. My cultural studies approach analyzes Sony’s local language productions as sites of negotiation and debate over ideas of local cinema, industry practices, and positions of power.

In general, I argue that Sony’s LLP operations are not a tightly controlled film strategy but an uneven, somewhat flexible, and industry-specific model for local co-productions. The discourse surrounding LLPs illustrate how Sony imagines its

⁴⁵ Murphy & Kraidy, 5.

entertainment division as global and ubiquitous. Yet, in practice in both case industries, the LLP model functions more as a nationally-bound production and distribution strategy that focuses on the Brazilian and Spanish domestic audience. My research positions the LLP strategy within SPE as a “dysfunctional family” and its difficulty adapting to conditions and practices in the international film market.

Sony’s local language production strategy does not reflect local industry practices or market conditions since it was developed internally and applied on a wide-scale. Instead, the story of SPE’s LLP strategy reveals a vision of local media as a largely flawed and shortsighted. While this focus may work in the Brazilian case due to generous tax incentives, a healthy economy, and growing domestic audiences, the nationally-contained model did not last beyond two local language films in Spain and one Spanish-Italian co-production. Due to the success of the Brazilian operation, SPE tried to replicate this model in Madrid despite the changing multi-faceted state of Spanish and European financing, production, and audiences. Sony’s LLP Madrid office was unable, and the LA headquarters was unwilling, to adapt the LLP strategy towards a Spanish film industry that relies more heavily on larger European audiences, funding, and general industry practices. Ultimately, the LLP represents an industrial logic based on nationally-bound production models and English-language distribution practices that could not and should not be forced on dynamic and culturally-specific state of the Brazilian and Spanish media industries. As illustrated by my field research, the local language film production strategy

simultaneously exists as both a success and failure, flexible and static, location-bound and deterritorialized picture of the contemporary media industries. My expansive project challenges theories of media globalization about and within an organization like Sony's international division. Overall, the case of Sony and local language productions presents a multi-faceted story of how transnational media institutions and local media industries intersect and shape one another in the age of globalization.

Chapter Two

From Imperialism to Pluralism: Debates Across Global Media Industries

Over the past four decades, media and communication scholarship has sought to explain international media processes and flows through a number of theoretical models. Annabelle Sreberny identifies two central intellectual paradigms as: 1) cultural imperialism of Western values and the dependency and homogenization of Third World nations and 2) the ‘global pluralism’ model—“a complex syncopation of voices and more complicated media environment in which Western media domination has given way to multiple actors and flows of media products.”¹ These approaches offer either top-down theories grounded in political economy or nonlinear flows considering the local articulations and specificities of media industries that decenter the notion of a Western media core. Whether viewed as a hegemonic Hollywood film studio operating within non-U.S. industries or a borderless and fluid example of the contemporary nature of media globalization, a central concern has been the dominance of American media industries and the expanding international position of companies such as Sony Pictures Entertainment. Exploring the contributions and limitations, this chapter considers these two strands of thought. Overall, I will explore what these paradigms can offer my project

¹ Annabelle Sreberny, “The Global and the Local in International Communication,” in *Media and Cultural Studies: Keywords* eds. Meenakshi Gigi Durham and Douglas M. Kellner (Malden, MA: Blackwell, 2006): 607-8.

and how they might explain the expansion of Sony Pictures Entertainment's local language production and distribution strategy.

POLITICAL ECONOMY OF THE MEDIA

From the early studies of Thomas Guback and Herbert I. Schiller to more recent works by Vincent Mosco and Toby Miller, et al, the political economy tradition has served as a foundational approach to studying communication and media industries. Michael Curtin identifies Guback and Schiller's publications in the late-1960s and 1970s as two of the earliest studies that aimed to understand and critique the powerful position of American media companies worldwide.² Schiller based his understanding of the global economy and his works such as *Mass Communications and American Empire* (1969) and *Communication and Cultural Dominance* (1976) on Immanuel Wallerstein's "World System Model." This model categorized the United States and parts of Europe as 'core' First World developed and industrialized countries located in the Western Hemisphere in relation to the Latin America, Africa, and Asia as the 'periphery,' a Third World underdeveloped and dependent on the West. In the Neo-Marxist tradition that still lingers in contemporary political economy of media research, inequalities in global capitalist system are related directly to dependency theory. John Tomlinson describes these ideas of dependency as "the way in which formerly colonial countries remain dependent on the

² Michael Curtin, "Thinking Globally: From Media Imperialism to Media Capital," in *Media Industries: History, Theory, and Method* eds. Jennifer Holt and Alisa Perren (Malden, MA: Wiley-Blackwell, 2009): 109.

West” due to the centrality of the multinational or transnational corporation (MNC or TNC).³ The powerful economic position of TNCs and “their interests in exploiting markets, natural resources, and labor forces worldwide has, for many critics, come to represent the high point of capitalist development and the major determinant of the economies of the Third World.”⁴ In my work in Brazil, I found many of the professionals in the film industry actively discussing these types of ideas and academic theories.

Media Imperialism

For Schiller, the theory of media imperialism explained American media transnational corporations’ position in this First/Third World divide as cultural agents for expanding this world economic system. ⁵ Tomlinson explains the role of the Western media from this viewpoint as “vehicles for corporate marketing, manipulating audiences to deliver them as ‘good consumers’ of capitalist production.”⁶ For Schiller and many of his contemporaries such as Latin American scholars Ariel Dorfman and Armand Mattelart’s ideological critique of Disney cartoons in *How to Read Donald Duck* (1972), Hollywood companies and the exportation of films internationally represent an ideological spread of the First World in order to exploit, manipulate, and sedate Third

³ John Tomlinson, *Cultural Imperialism: An Introduction* (London: Continuum, 1991), 37.

⁴ *ibid.*

⁵ Herbert Schiller, ‘Transnational Media and National Development’ in *National Sovereignty and International Communication* eds. K. Nordenstreng and H.I. Schiller (New Jersey: Ablex, 1979), 23 as quoted in Tomlinson, 37.

⁶ Tomlinson, 38.

World audiences. However, Schiller's view of totalizing media imperialism breaks down due to the 1) reliance on the nation-state, 2) one-way flow of media from the West (aka the United States) to the Rest, and 3) monolithic view of transnational corporations.

First, Curtin claims: "the basic unit of analysis for media imperialism researchers was the modern nation-state, which meant that domination was usually figured as a relationship between countries, with powerful states imposing their will on subordinate ones, especially in news reporting, cinematic entertainment, and television programming."⁷ By focusing on the nation-state, this perspective assumes a centralized ideological apparatus encoded across a diverse variety of media, traveled without consequences or influences, and decoded by these exploited audiences. Second, multinational or transnational media companies are presented as one-dimensional and all-powerful with a centralized goal. But what happens when media strategies fail or professionals make mistakes? David Hesmondhalgh identifies "one problem with the Schiller [and later adaptations of his method via the work of Robert McChesney and others] tradition as a form of political economy analysis is that it provides little sense of the contradictions in capitalist media production."⁸ Both of these points lack a consideration for the enormity of these organizations or governments. The reality in the

⁷ Curtin, 109.

⁸ David Hesmondhalgh, "Politics, Theory, and Method in Media Industries Research," in *Media Industries: History, Theory, and Method* eds. Jennifer Holt and Alisa Perren (Malden, MA: Wiley-Blackwell, 2009): 249.

lack of systematization and disorganization, as Henry Jenkins describes as a “dysfunctional family” unit, is not taken into account.

Finally, early media imperialism theories are based on research gathered in the 1960s and 1970s when U.S. media companies had few international competitors nor as diversified media operations. This school of thought does not allow for the rise of non-U.S. conglomerates, local resistance, or the eventual blurring of national boundaries that characterizes contemporary media industries. The imperialism theoretical framework would classify Sony Pictures Entertainment as an agent of media imperialism and as a transnational media corporation systematized and organized around exporting a favorable view of the American government, economy, and cultural values abroad. Many of the producers and distributors working with local Sony productions I interviewed, particularly in Latin America as well as later media studies scholars such as Tomlinson, Joseph Straubhaar, and Daya Kishan Thussu, criticized Schiller’s view for being U.S.-centric and not allowing for individualized audience interpretation and resistance nor the powerful position of local media industries in producing their own media.⁹

The other major study of this period, Thomas Guback’s *The International Film Industry: Western Europe and America Since 1945*, offers an unparalleled study of the relationship between American and European film industries over the same two decades

⁹ Oliver Boyd-Barrett, “Media Imperialism Reformulated,” in *International Communication: A Reader*, ed. Thussu (London: Routledge, 2010): 139-153. See also Tomlinson; Joseph Straubhaar, “Beyond Media Imperialism: Asymmetrical Interdependence and Cultural Proximity” *Critical Studies in Mass Communication* 8 (1991): 1-11; Daya Kishan Thussu, “Mapping Global Media Flow and Contra-Flow” in *International Communication: A Reader*, ed. Thussu (London: Routledge, 2010): 221-238.

as Schiller's imperialist argument.¹⁰ On a broad level, he examines the "monopolistic organization" of the Motion Picture Export Association (MPEA), favorable U.S. foreign policy to facilitate film exports, and the growing importance of overseas markets by 1960.¹¹ Specifically, the study also considers the central position of subsidies and quotas in national industries such as the United Kingdom, Italy, France, and Germany. Guback's comparative study still serves as one of the most expansive in size and scope due to his extensive interview, market, and policy-based research.

In an effort to compete domestically and internationally with Hollywood films during the post-war era, it is clear that international co-productions and the presence of European Economic Community in creating film legislation and stimulating production signaled the integration and dependence of European film industries.¹² By 1969, the author describes the expansion of Hollywood's international operations specifically in Europe as:

not confined merely to American distribution companies and American films. American subsidiaries abroad, and foreign companies in which there is an American financial interest, have been making films which, meeting criteria for being declared 'national' by European governments, thereby have access to subsidy funds.¹³

¹⁰ Thomas Guback, *The International Film Industry: Western Europe and America Since 1945*. (Bloomington: Indiana University Press, 1969).

¹¹ During the 1940s, the MPEA was restricted as Motion Pictures Association of America (MPAA) under Eric Johnson. By this point, MPAA served as the chief lobby organization for the film industry both domestically and internationally, enforced censorship regulation board (later serving as a ratings board), and protecting copyright and intellectual property.

¹² Guback 5 & 164.

¹³ *ibid*, 6.

He aptly identifies the blurring of traditional national borders in terms of financing, productions, and audiences and the battles of what constitutes “local” media that describes Sony’s current local language strategy. From this perspective, similar media environment production practices, funding mechanisms, and culturally policies still exist in Europe and shape my Spanish case study as a continuation of the monopolistic position of Hollywood studios.

However, Guback sees the internationalization of European and other smaller film industries during his period of study as leading to homogenization and the lost of distinct cultures. He argues films aimed at larger international audiences reflect a universal and dehumanized “anti-culture, the antithesis of human culture.”¹⁴ Making this argument today for a transnational media company within a multi-faceted global film industry is overly simplistic, generalized, and culturally elitist. It may be easy to make this argument today in the context of Hollywood period franchise rebooting and sequelitis resulting in films such as the hyperaction-driven, product placement *Spiderman* (2002, dir. Sam Raimi) or CGI, global disaster picture *2012* (2009, dir. Roland Emmerich). Yet, these high budget blockbusters only make up a small percentage of the media content SPE produces and distributes worldwide per year. As my project illustrates, the content a large diverse media company produces and distributes for specific audiences outside English-language territories may rely on popular, commercial media models but in no way should

¹⁴ *ibid*, 198-199.

be dismissed as homogenous anti-culture. A turn towards localization and culturally-specific media content within transnational media companies like Sony Pictures Entertainment cannot be explained by a United States-European cultural and political economic focus. The local language film trend relying on localized cultural projects co-produced by subsidiaries such as Sony do Brasil or Columbia Español complicates the old universal homogenization complaint.

National Media Models

By the 1980s, a cycle of film scholarship revisited questions of national cinema and industries. While Hollywood has been understood as an international industry existing and operating beyond its twentieth-century Los Angeles origins, many Asian, African, European, and Latin American film industries have been viewed through the lens of “world” cinema as national industries disassociated or separated from an interdependent and interactive history of international cinema.¹⁵ From the lens of art house aesthetic practices and auteur-centric movements to imagining local audiences and national financing policies, many film industries outside the United States traditionally have been constructed around an area studies model that constructs a contained national cinema. This research model typically follows how key political, economic,

¹⁵ A recent example of this “world cinema” categorization is Linda Badley, R. Barton Palmer and Steven Jay Schneider, eds. *Traditions in World Cinema* (Edinburgh: Edinburgh UP, 2006).

technological, and cultural conditions have intersected over time to create a nationally distinct “Brazilian,” “Japanese,” or “British” cinema.

Most notably, Andrew Higson’s 1989 essay “The Concept of National Cinema” recommends an “inward-looking process” that conceptualizes a national cinema in relation to national, political, economic and cultural traditions.¹⁶ While Higson promoted a cultural diverse view of the nation, his model was based on a Eurocentric, British idea of the nation. National cinema theoretical debates in the following decade included the works by Susan Hayward, Stephen Crofts, and Albert Moran that began to interrogate the boundaries of the nation, yet much of this was grounded in a Western European, English-language context and echoed a media imperialist argument.¹⁷ Moran’s introduction to an edited collection *Film Policy* focuses on the position of Hollywood inside other national film borders such as Ireland or Canada:

No cinema has escaped [Hollywood’s] force field . . . thus, whether national cinemas or not, these other cinemas have variously imitated Hollywood, attempted to transform and vary the Hollywood model or else resisted and rejected its example in favour of alternative aesthetics, funding arrangements, systems of production and distribution, and ways of constituting and relating to an

¹⁶ Andrew Higson “The Concept of National Cinema,” *Screen* 30:4 (1989) as referenced in Yingjin Zhang, “Chinese Cinema and Transnational Film Studies,” *World Cinema, Transnational Perspectives* eds. Nataša Đurovičová and Kathleen Newman (London: Routledge, 2010), 124; Higson revisits this argument and earlier essay in 2000 with “The Limiting Imagination of National Cinema” where he questions the “usefulness of the concept of national cinema.” This is an illustrative example about how quickly the academic perimeters around “national cinema” shift within one decade; *Cinema and Nation* eds. Mette Hjort and Scott MacKenzie (London: Routledge, 2000): 73.

¹⁷ Stephen Crofts, “Reconceptualizing National Cinema/s” *Quarterly Review of Film and Video* (1993); Susan Hayward, *French National Cinema* (London: Routledge, 1993): 25-51; Albert Moran “Terms for a Reader: Film, Hollywood, National Cinema, Cultural Identity and Film Policy,” *Film Policy: International, national, and Regional Perspectives* ed. Moran (London: Routledge, 1996): 1-18.

audience.¹⁸

Higson's, Moran's, and other discussions of national cinema still reinforce the stability of the nation and its central position as a site for film policy, financing, and cultural identity, yet choose to problematize this model either within the realm of cultural difference and diversity against its relationship to Hollywood.

However, a number of scholars began to identify the pitfalls of a national perspective when analyzing industrial histories. Kristin Thompson suggests scholars should be careful when formulating film histories in terms of a 'national cinema.' While she contends the national cinema remains useful in terms of specific industry culture and government regulation, "historians should also be aware that few national cinema industries operate in isolation; through foreign investment, competition and other types of influence, outside factors will almost invariably affect any given national cinema."¹⁹ While the nation-state still has real consequences in terms of protectionist policies, regulations, and identity formation, a close industrial analysis should also consider the international influences and cross-cultural exchanges that have shaped industrial models and practices.

¹⁸ Moran, 6.

¹⁹ Kristin Thompson, *Exporting Entertainment: America in the World Market, 1907-34* (London: BFI, 1985): 168.

Global Hollywood

Beyond national cinema defined through the boundaries of cultural identity and audiences, international media production and flows have been shaped around policy and labor discussions. Since the 1990s and early 2000s, a cycle of scholarship has continued to examine issues of transnational media companies, market conditions, and changing structures of the global media industries. While addressing similar themes as Guback and Schiller, recent research addresses industry spatial transformations through a critical political economic perspective. In *Political Economy of Communication*, Vincent Mosco explores how economic systems shape social relations, power structures, and availability to resources.²⁰ Jennifer Holt and Alisa Perren describe Mosco's central interest "in the way in which resources are allocated, how they favor some at the expense of others, and how greater equity can be obtained throughout society."²¹ Mosco's research explores theories of commodification, spatialization, and structuration from the commodification of labor and social relations of communication practices to the expansion of media companies through patterns of ownership such as vertical integration and regulation. In his last chapter, he posits cultural studies and policy studies as alternatives to a political economic approach that relies on a "macrosocial organization of power." Both approaches resist the logic of capital for more pluralist perspective of policies and human

²⁰ Vincent Mosco, *The Political Economy of Communication* (London: Sage, 1996).

²¹ Jennifer Holt and Alisa Perren, "Introduction: Does the World Really Need One More Field of Study?" in *Media Industries: History, Theory, and Method* eds. Holt and Perren (Malden, MA: Wiley-Blackwell, 2009): 7.

agents.²² One of the strengths of Mosco's work is the theoretical depth and his ability to identify the strengths and limitations of his methods. Yet, while his discussion of spatialization is characteristic of scholarly debates of the 1990s and pertinent to my own concerns about Sony's expansion into local and regional markets, his notions of space are tied directly to assumptions about capital and lack the human factor in media as a cultural industry.

In *Global Film and Television: An Introduction to the Economics of the Business*, Colin Hoskins, Stuart McFadyen, and Adam Finn offer a microeconomic perspective on trade, public policy, and film business strategies such as co-productions and national subsidies during the particular post-World War II era. On a broad level, *Global Film and Television* utilizes classical economics, a positive and normative theory of economics that assumes individual behavior and the market's behavior follow consumer preferences.²³ In their view, the primary reasons for the global presence of Hollywood studios are 1) an economies-of-scale barrier due to vertical integration and the high cost business model and 2) the cultural discount argument.²⁴ On the one hand, the U.S. film firms' monopolistic involvement in domestic and international distribution emerges as the central explanation for their control of theatrical market share worldwide. With the expansion of digital technology and diversification of distribution windows since the

²² Mosco, 246 & 252.

²³ Toby Miller et al., 5.

²⁴ Colin Hoskins, Stuart McFayden, and Adam Finn, *Global Film and Television: An Introduction to the Economics of the Business* (Oxford: Claredon Press, 1997): 61.

1980s, distribution is a key concern and practice for many media companies as will be emphasized in the following chapters. On the other hand, when removed from American culture and context, the authors claim Hollywood films carry a “cultural discount.” This attempts to explain the ease of mobility and thematic universality that appeals cross culturally to a wide variety of audiences.²⁵ This argument not only ignores the specificities of audiences and unpredictability of consumption patterns outside of the United States, but it also relies on the problematic logic of Hollywood films as universal and homogenizing—an argument reminiscent of Guback. It is also not clear what the authors signify by “Hollywood films.” Hollywood is conflated with both its American origin and global position without complicating these designations. Furthermore, a discussion of the international market outside of the United States is limited to an Anglocentric focus on Canada, Australia, and the United Kingdom with different linguistic barriers than other regions. While this Anglophile framing is most likely due to cultural and linguistic accessibility and resources of the researchers, focusing on English-language markets has its own set of theoretical erasures and problematic exclusions in trying to speak for a “global film and television industry.”

One recent work most applicable to my study in theme, scope, and research questions is Toby Miller, Nitin Govil, John McMurria, Richard Maxwell, and Ting Wang’s *Global Hollywood 2*. While Hoskins, McFadyen, and Finn ground their study in

²⁵ *ibid*, 7.

the logical processes of classical economics, *Global Hollywood* relies on a critique of neoliberal trends in political economy and media markets since the 1970s and 1980s. As discussed in my Introduction, neoliberal policies have relied on the cornerstones of privatization, liberalization, and deregulation and led to the consolidation and concentration of ownership in media industries.²⁶ Specifically, David Harvey suggests the neoliberal doctrine proposes “human well-being can be best advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” whereas the role of the state is to create and preserve an institutional framework that supports this doctrine.²⁷ By shifting from public to privately-owned media systems and removing all “artificial” barriers to free trade, the objective is for the market economy to flourish and create opportunities for economic development as opposed to dependency on the state.

Global Hollywood is grounded in a Marxist tradition, criticizes of corporate and state domination, most notably the United States government, and classifies films as commodities that derive value from their cultural labor. The authors attempt to interrogate the position and practices of Hollywood companies on a global level through location and industry-specific case studies. Related to Schiller’s theorizations of media imperialism and the spread of an American economic system, the authors suggest

²⁶ David Harvey, *A Brief History of Neoliberalism* (New York: Oxford, 2005): 65; Silvio Waisbord and Nancy Morris, “Introduction: Rethinking Media Globalization and State Power” *Media and Globalization: Why the State Matters* eds. Waisbord and Morris (Lanham, MD: Rowman & Littlefield, 2001): xi.

²⁷ Harvey, 2.

“‘Hollywood’ appears in all descriptions of globalisation’s effects – left, right, and third ways – as a floating signifier, a kind of cultural smoke rising from a U.S.-led struggle to convert the world to capitalism.”²⁸ Miller et al. contextualize a shift in Hollywood’s powerful economic and ideological position within the rise of neoliberal “Washington Consensus” policies in between 1978-1980. This moment serves as a turning point in the world’s social and economic history with the emergence of neoliberal doctrine as the central guiding principle of economic thought and management.²⁹ Current media industry conditions can be attributed to:

shifts towards a neoliberal multinational investment climate over the past decade [which] have reinforced global Hollywood’s strategic power over the NICL [the New International Division of Cultural Labor] through the privatization of media ownership, a unified Western Europe market, openings in former Soviet Block and spread of television, web and VCR combined with deregulation of national broadcasting in Europe and Latin America.³⁰

As a study and a concept Global Hollywood is situated within the particular post-1989 periodization and shaped by all of the complex geo-movements that follow. Specifically, the authors examine contemporary media practices through the role of labor and cultural policies. They argue the New International Division of Cultural Labor reflects the exploitation and stratification of labor outside traditional studio model fixed

²⁸ Toby Miller, Nitin Govil, John McMurria, Richard Maxwell, and Ting Wang, *Global Hollywood 2* (London: bfi, 2005): 111; Harvey, 1-2.

²⁹ *ibid*, 51-2.

³⁰ *ibid*, 9.

in Los Angeles.³¹ Instead, runaway productions are a common practice for transnational film companies like Fox, Universal, Paramount, and Sony in order to save on labor and production costs by filming outside of the United States. Although attracted by tax incentives, facilities, and crews available from other industries, runaway productions are still mostly financed by these studios and categorized as “Hollywood” products.³² Similar to Guback and Hoskins et al., the authors created this category on structuralist and Marxist ideas of capital. They define Hollywood products as English-language motion pictures financed fully by an American studio despite the talent, labor, or resources contributed from the shooting location and local industry. They conveniently draw borders and boundaries around what is and is not a Hollywood film. In increasingly fluid media industries, this is one of my biggest criticisms of the Global Hollywood perspective—unlike its locally bounded co-producing partners or competitors, only Hollywood operates globally and ubiquitously.

Another large part of the *Global Hollywood* study considers how franchise media models, technological developments, and labor practices of Hollywood effect the European media climate. A push by EU nations to foster a competitive pan-European film industry and culture has led to collaborative subsidizing efforts by national industries

³¹ *ibid*, 119.

³² For a discussion of runaway productions and international film studios see Ben Goldsmith and Tom O’Regan, *The Film Studio: Film Production in the Global Economy* (Lanham, Md.: Rowman & Littlefield, 2005). The authors examine film production expanding beyond a LA-center toward the growing infrastructure in Australia, Canada, and England in the 1990s.

and regional institutions to make big-budget films that will travel internationally.³³ This includes international treaty and equity co-productions agreements, big budget pan-European franchises such as *Astérix*, growing European media conglomerates like Canal Plus, and television broadcasters financing film productions.³⁴ State tax incentives, generous subsidies, and co-production treaties have attracted more than just European media companies looking to develop and strengthen national cinema.³⁵ Due to their criticism of the changing commercial practices in Europe, this seems to be an area of contention for the authors.

On the one hand, the authors suggest commercial, star-driven action films like *Astérix* “are no less culturally specific and diverse than art-house auteurist personal visions.”³⁶ This is an important indication. As I will argue throughout this project, large budget franchise film series set in Europe or Brazil are no less culturally-specific than the characteristically recognizable Brazilian or Spanish festival fare of the small, character-driven art house drama. So what happens when a transnational media company is involved in one of these projects? I doubt *Global Hollywood* would take this same argument. This distinction between what is Hollywood and European assumes shaky

³³ Yet, as I argue throughout this project, protectionism, and developmental policies for local media industries are nothing new.

³⁴ The *Astérix* series includes three films produced between 1999 and 2008. Based on the popular French comic books about the story of the Gauls and Romans, the films were big budget, action films included a number of well-known French and European actors and were intended for a large regional audience.

³⁵ Miller, et al., 175.

³⁶ *ibid*, 193.

logic. Can a film be a Spanish, European, and Hollywood product? Can a culturally-specific project involve Hollywood?

On the other hand, Miller et al. view films like *Astérix* as representative of “the twin logics of a commercial industry: textual standardization (genres, sequels, series, serials, remakes, reruns and synergy) and differentiation (spectacle, stars, post-production and high-concept marketability) – not the desired prescription for diversifying European cinema.”³⁷ By employing commercial, capitalist devices, does a franchise series like *Astérix* still signify Hollywood? The authors’ disavowal of commercial models and films as “European” never goes beyond the macroeconomic level, association with Hollywood production practices. For Miller et al., Hollywood may be everywhere, but it still embodies the might of American capitalism. *Global Hollywood 2* categorizes the contemporary media environment by a one-way flow geographically-bound from the United States to the rest of the world.

The authors identify the contradictory intersection “where border-erasing free-trade economics meets border-defining cultural initiatives under the unstable sign of the nation.”³⁸ The unstable border-erasing practices of transnational media companies like Sony’s local language production and border-defining regional and national policies for developing national cinema emerge as an area of contention in my project. This Europe-specific contradiction arises as a major issue within my chapter on Columbia Español.

³⁷ *ibid.*

³⁸ *ibid.*, 209.

Yet, I find that this analysis of the European regionally-focused co-production environment is more of a case study bound within a particular time period between the 1990s and early 2000s. Not only have national and regional policies evolved and changed over the past decade, the European policies and co-production discussions cannot stand in for the particularities of Latin American and Asian media industries.

In general, something is lacking in this broad political economy approach. In focusing on a labor at a global and regional level, in this analysis there is an almost complete absence of labor's voice, whether internationally, nationally, or locally,. Miller et al. focus on the larger pictures of European film industries through macro-level forces (neoliberal economic theories, New International Division of Cultural Labor), regional institutions and conglomerates (EU's MEDIA and Eurimages, Canal Plus), and general European cultural critics. Yet, the Marxist critic of Global Hollywood leaves little room for a more focused examination of how cultural labor operates through human decision-making and individual agency within particular co-production situations and creative industries.

The majority of these institutional and industry studies mentioned so far in this chapter explore the global presence of Hollywood studios through the lens of political economy. In the case of Schiller, Guback, and Miller et al., this body of research raises questions concerning economic power and the dominant position of film studios within these transnational media companies that are important for my project. However, what

about industry studies research that explores conglomeration and concentration of ownership and convergence of media within the neoliberal context while simultaneously complicating the all-powerful monolithic perception of these transnational companies? While a political economic perspective plays a central role in my research project, I prefer research questions and methods that complement but also complicate a strictly top-down economic heavy scope. Whether neoclassical economics or strictly Marxist, the logic of capital is the driving force. This approach is reductive and diminishes the work of the human agents involved in the cultural production of media. Curtin asks, “how can we shift our perspective so that we take into account both the general and the particular, the forest and the trees?”³⁹ As illustrated by the studies above, the “forest” is mapped and well-covered territory. One of the most challenging aspects of this project was to approach the particularities, the localities, or the “trees.” What is the best approach for understanding the logic of creative professionals and industry dynamics within a study of transnational media flows and partnerships? What about local partnerships? The following section offers alternative approaches to explore the specificities or localities of media industries beyond the bird’s eye global approach.

³⁹ Michael Curtin, “Thinking Globally: From Media Imperialism to Media Capital,” in *Media Industries: History, Theory, and Method* eds. Jennifer Holt and Alisa Perren (Malden, MA: Wiley-Blackwell, 2009): 109.

ARTICULATIONS OF SPACE/PLACE, TERRITORIES, AND -SCAPES

The “global pluralism” paradigm, introduced as the beginning of this chapter, offers an alternative model for media theories and research grounded in cultural studies. As a break from earlier studies outlined above, Curtin contends “globalization of media therefore should not be understood reductively as cultural homogenization or western hegemony. Instead it is part of a larger set of processes that operate translocally, interactively, and dynamically at a variety of levels: economic, institutional, technological, and ideological.”⁴⁰ A more dynamic and translocal focus has shaped my project and thinking about global media flows. Moving away from a focus on imperialism and Hollywood as a central hegemonic core, I consider the interactive processes that reshape the current media climate through recent academic debates about space, place, and localities. Specifically, I am interested in the disjunctive flows, fluidity, and deterritorialization associated with the uneven or unequal processes of media globalization and how they operate differently across different locations. Through the work of Arjun Appadurai, Andreas Hepp and Nick Couldry, and Nataša Ďurovičová, I briefly explore how media and cultural studies scholars are reconsidering notions of space and place outside the nation-state. From there, I will discuss the cultural studies-based industry research of Curtin, Paul du Gay, Serra Tinic, Andreas Hepp as a model for my Sony LLP project.

⁴⁰ *ibid*, 111.

By the late 1980s and early 1990s, Appadurai and his contemporaries David Morley and Kevin Robins contributed to questioning the constructions and politics of space and place.⁴¹ Particularly, Robins pushed media scholars to “look at the developing relationship between globalization and localization specifically in terms of the logics at work in the audiovisual industries. I want to reorient the politics of communication towards a politics of space and place.”⁴² In other words, media scholars have been rethinking how we approach media industry studies. How do we understand the interaction and overlap between global and local forces by remapping spatial logistics of creative work and industry activities?

One of the most prominent themes associated within discussions of globalization is deterritorialization. Michael Hardt and Antonio Negri argue the multiple processes of globalization exist with “no territorial center of power [which] does not rely on fixed boundaries or barriers [such as the nation-state] . . . it is a decentered and deterritorializing apparatus.”⁴³ There is not one country or place in the center nor Western political economic system playing all-powerful puppeteer and hiding behind the curtain that controls the Rest. Or as Appadurai argues: “the United States is no longer the puppeteer of a world system of images, but is only one node of a complex transnational

⁴¹ Arjun Appadurai, “Disjuncture and Difference in the Global Cultural Economy” *Public Culture* Vol. 2, No. 2 (Spring 1990); David Morley, *Family Television: Cultural Power and Domestic Leisure* (London: Comedia, 1986); Kevin Robins, “Reimagined Communities? European Image Spaces, Beyond Fordism,” *Cultural Studies* 3:2 (1989): 145-165.

⁴² Robins, 150.

⁴³ Michael Hardt and Antonio Negri, *Empire* (Cambridge, MA: Harvard UP, 2000): xii.

construction of imaginary landscapes.”⁴⁴ The United States does not exist at the core of the media industry but is merely one node among other Asian, European, Latin American and African media industries. Instead, different powerful institutions and apparatuses in the form of media companies appear in Chinese, Brazilian, or Spanish industries and operate across national borders.

By complicating modern notions of geography and territories, questions of spatiality and localities alter the conversation about media as cultural industries. Arjun Appadurai’s framework explores the disjunctive relationship:

between five dimensions of global cultural flow which can be termed: (a) ethnoscaples; (b) mediascaples; (c) technoscaples (d) finanscaples; and (e) ideoscaples. The suffix -scape allows us to point to the fluid, irregular shapes of these landscapes, shapes which characterize international capital as deeply as they do international clothing styles. These terms with the common suffix -scape also indicate that these are not objectively given relations which look the same from every angle of vision, but rather that they are deeply perspectival constructs, inflected by the historical, linguistic and political situatedness of different sorts of actors: nation-states, multinationals, diasporic communities, as well as sub-national groupings and movements (whether religious, political or economic), and even intimate face-to-face groups, such as villages, neighbourhoods and families.⁴⁵

Appadurai’s foundational model shifts scholarly conversations away from center-periphery to cultural production and consumption as a multi-faceted process across various “scapes.” The production, distribution, or consumption of media is merely one landscape that overlaps with others. Global cultural flows, and the forces that shape them,

⁴⁴ Appadurai, 4.

⁴⁵ Appadurai, 6-7.

do not move in any one direction. While large global forces shape local processes, local forces also shape global processes. These –scapes as forces shaping global culture vary depending on one’s perspective from nation to nation or from regional to transnational movement. Appadurai questions the usefulness of the constructed nature of the geographical categories like the nation-state, particularly understanding political, economic, technological, and socio-cultural forces solely within a national context.

Hepp and Couldry question this categorization: “why is the nation accepted as unquestioned reference point for media production, representation, reception and appropriation?”⁴⁶ Found in traditional humanities studies, the modernist notion of the state functions as a container that confines and supersedes all other forms of society. They fault “container thinking” of media and communication studies that binds and defines the nation by territory and ignores “all disembedding, transgressing, and dysfunctional processes of contemporary life” beyond this geographical category.⁴⁷ They criticize allowing the nation-state to limit the bounds of research through essentializing “the state, media system, media market and media culture into a binary model.”⁴⁸ As I

⁴⁶ Andreas Hepp and Nick Couldry, “What Should Comparative Media Research Be Comparing? Towards A Transcultural Approach to ‘Media Cultures,’” *Internationalizing Media Studies* ed. Daya Kishan Thussu (London: Routledge, 2009): 36.

⁴⁷ *ibid*, 33-4.

⁴⁸ *ibid*, 36-76. Additional literature considers the construction of the nation instead of a natural and fixed notion; the nation-state and national cinema framework should be perceived as discursive constructions as argued by Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London: Verso, 2006), Homi K. Bhabha, “Narrating the Nation,” *Nation and Narration*. (London: Routledge, 1990), Michele Hilmes, “British Quality, American Chaos: Historical Dualisms and What They Leave Out,” *The Radio Journal: International Studies in Broadcast and Audio Media* 1:1 (March 2003): 13-27.

will emphasize throughout this project, it is important not to dismiss the critical aspects of the nation within media systems, particularly policies, financial factors, and cultural discourses (re)creating national media systems. Nitin Govil warns against dismissing the nation completely. He contends: “for better or (often) worse, the national has facilitated the mobilization of the symbolic and material itineraries that characterize modernity as well as its alternatives. Media industries play an important role in assembling the technologies of interconnection associated with the imagination and narration of the nation.”⁴⁹ Instead of an essentialized notion of the nation, I am interested in Govil’s interpretation of Homi Bhabha conceptualizing media and the nation as shifting discursive construct.

In order not to limit ourselves to a fixed, stable industrial model, it is vital to understand media localities as unstable and multi-faceted due to pressures from cultural flows, forces, and systems from above and below the national space. As my project illustrates, multiple forces of globalization pressure and interact with national media industries from a local city (Rio de Janeiro or Madrid) and state (Catalonia) to regional (European Union or IBERMEDIA) processes. Trying to understand Sony (and its film operations) as an institution defined within a national boundaries essentializes the company as either Japanese by origin, American by its SPE group headquarters, or

⁴⁹ Nitin Govil “Thinking Nationally: Domicile, Distinction, and Dysfunction in Global Media Exchange” in *Media Industries: History, Theory, and Method* eds. Jennifer Holt and Alisa Perren (Malden, MA: Wiley-Blackwell, 2009): 133.

Brazilian or Spanish by its subsidiary location and LLP content. In turn, fixing Sony's corporate nationality is not my objective. I am interested in Sony's fluid and mobile positionality of its international production division that operates simultaneously as Chinese, Brazilian, Spanish, Mexican, and so on between the late-1990s to 2000s. Furthermore, the intention of my project is not to define or locate an essentialized "national" Brazilian or Spanish cinema within which Sony's LLP division operates. Instead, I am more interested in how Sony and its local partners imagine and mobilize the national as part of their local production and distribution strategy.

My goal is to understand the deterritorialization, expansion, and blurring of borders while still engaging in discourses and realities of the nation-state. In order to explore notions of space and place as flexible constructions and discourse while still grounded in industry practices, I am shaping my research questions through definitions of the "transnational." In turn, I use the term "transnational" to signify the interactive and dynamic processes and current conditions of globalization that shape Sony's corporate structure, its global activities, and its position within local film industries. Ďurovičová suggests "transnational" as an alternative to the term "global" that is bound up within a category of totality:

the intermediate and open term 'transnational' acknowledges the persistent agency of the state, in varying but fundamentally legitimizing relationship to the scale of 'the nation.' At the same time, the prefix 'trans-' implies relations of unevenness and mobility. It is this relative openness to modalities of geopolitical forms, social relations and especially to the variant scale on which relations in film history have occurred given this key term its dynamic force, and its utility as

a frame for hypotheses about emergent forms.⁵⁰

Understanding contemporary media industries as transnational allows a consideration of the national as it interacts with other regional and global factors. Steve Vertovec classifies the notion of transnationalism through categories as: social morphology, type of consciousness, mode of cultural reproduction, avenue of capital, site of political engagement, and reconstruction of ‘place’ or locality.⁵¹ In my project, I will primarily be defining and working with the transnational as a mode of cultural reproduction, avenue of capital, and reconstruction of place/locality. Vertovec argues:

While there is certainly much to be learned about the construction and management of meaning offered by cultural studies, there is immediate need for more, in-depth and comparative empirical studies of transnational human mobility, communication, social ties, channels and flows of money, commodities, information and images – as well as how these phenomena are made use of.⁵²

Therefore, I will explore Sony’s local language production strategies through a transnational perspective of space/place, institutions, cultural production and industries, identities, and capital. This conceptualization and intersection of shifting scapes within a transnational context shapes how I approach my understanding of Sony Pictures Entertainment’s international production activities. Appadurai’s model assumes media companies like Sony Pictures Entertainment rely on deterritorialization and flow of

⁵⁰ Nataša Đurovičová, “Preface,” *World Cinema, Transnational Perspectives* eds. Đurovičová and Kathleen Newman (London: Routledge, 2010): x.

⁵¹ Steve Vertovec, “Conceiving and Researching Transnationalism,” *Ethnic and Racial Studies* 22:2 (1999).

⁵² *ibid*, 14.

people, machinery, money, images, and ideas to open new markets.⁵³ Imagined as a unified corporate strategy, in reality local language productions aimed at a singular linguistic, domestic audience are inflected with the “historical, linguistic, and political situatedness.”⁵⁴ A Brazilian or Spanish LLP is shaped as much by Sony as a transnational corporation and its national subsidiary as by national and regional policies, local partnerships, industrial practices, and linguistic audiences. In order to accomplish a project grounded in both theories of “transnational” space/place and cultural specificities of a national industry, I am looking to contemporary media industry methodologies.

RETHINKING MEDIA INDUSTRY STUDIES

In particular, institutional analyses have influenced my own thinking about the transnational processes influencing Sony’s LLP strategy. Contemporary media industries scholarship has evolved into a transdisciplinary, transnational, and transmethodological field. In their edited collection, *Media Industries: History, Theory, and Method*, Holt and Perren suggest that “to explore media industries in the twenty-first century is to engage with an extraordinary range of texts, markets, economies, artistic traditions, business models, cultural policies, technologies, regulations, and creative expressions.”⁵⁵ Since the late-1990s, the media industries field has expanded to include myriad perspectives and

⁵³ Appadurai, 11-12.

⁵⁴ *ibid*, 6-7.

⁵⁵ Holt and Perren, 1.

methods rethinking and repositioning media as creative industries operating within local, national, regional, and transnational contexts. Unlike the top-down political economic approach discussed above, recent scholarship incorporates Sreberny's pluralistic vision of a "complex syncope of voices" from creative labor to audiences outside of a U.S. context. Not only does this contemporary work undertake institutional and industrial analyses spanning from Chinese to Canadian to Hollywood cinema but it does so through a variety of texts, perspectives, and positions within global media processes. For the remainder of this chapter, I will explore current research by du Gay et al., Thomas Schatz, Charles Acland, Henry Jenkins, Curtin, Tinic, and Hepp that examines the multi-faceted nature of transnational institutions like Sony Pictures Entertainment.

In the foundational 1997 study *Doing Cultural Studies: The Story of the Sony Walkman*, Paul du Gay, Stuart Hall, Linda Janes, Hugh Mackay, and Keith Negus explore the Sony Walkman as an institutional and product case study.⁵⁶ Not only is this the first close industrial-cultural study of its kind about the Sony Corporation, it is groundbreaking in its integrated scope that incorporates a number of fields and methods. As discussed in my Introduction, the authors ground their study in theories of articulation and a cultural analysis model they call "circuit of culture" based on five major cultural processes: representation, identity, production, consumption, and regulation. Their analysis spans print advertising, Sony's institutional history from a Japanese to "global"

⁵⁶ Paul du Gay, Stuart Hall, Linda Janes, Hugh Mackay, and Keith Negus, *Doing Cultural Studies: The Story of the Sony Walkman* (London: Sage, 1997).

entity, consumer identification and practices, breaking down of public and private spheres, and the Walkman as a material cultural artifact. du Gay et al.'s study is important for its examination of the same corporate logic and discourses around Sony's "global-ness" that still shape the company's various media divisions and industry practices. In general, Sony constructs and mobilizes discourses of the company and its products as global to brand and advertise the Walkman worldwide as a flexible cultural product.

The past decade has brought industry research by Schatz, Acland, and Jenkins that examines the transformations within media institutions via patterns of production, distribution, and consumption of film and media. Each approaches these transformations from a different position whether Schatz's examination of narrative and franchise practices within Conglomerate Hollywood or Acland's and Jenkins's cultural studies approach through discourses of distribution or modes of fandom, respectively. What these and other contemporary industry studies have in common is a multi-layered approach that considers diverse global operations of conglomerates and how this structure shapes their film products and practices beyond the traditional theater.⁵⁷ As discussed in my Introduction, the scholars represent contemporary debates in media

⁵⁷ Charles Acland, *Screen Traffic: Movies, Multiplexes and Global Culture* (Durham: Duke UP, 2005); Henry Jenkins, *Convergence Culture: Where Old and New Media Collide* (New York: NYU Press, 2006); Thomas Schatz, "New Hollywood, New Millennium," *Film Theory and Contemporary Hollywood Movies* ed. Warren Buckland (New York: Routledge, 2009): 19-46 and "The Studio System and Conglomerate Hollywood" in *The Contemporary Hollywood Film Industry* eds. Paul McDonald and Janet Wasko (Malden, MA: Blackwell, 2008): 13-42.

industries scholarship that questions the cross-media and cross-border practices in Hollywood. Similar to the research objectives of *Global Hollywood 2*, they raise questions such as: what/where is contemporary Hollywood? Should Hollywood be conflated with the geography of the United States and American culture? How has technology altered production, distribution, and consumption patterns? How have larger shifts in political economy aided the concentration and expansion of transnational media companies? Where do we locate “Hollywood” in these shifts?

Furthermore, the work of Curtin and Tinic serve as a dynamic template for examining media institutions within a transnational industrial context and localized methods. Curtin refocused the traditional location of study from the national to the local city space through his work on “media capitals” or the regional with *Playing to the World’s Biggest Audience* as discussed in the previous chapter.

Defined as “central nodes in the transnational flow of culture, talent, and resources,” media capitals such as Miami, Mumbai, and Rio de Janeiro allow media scholars to relocate their research objective and explore how “particular cities are participating in the restructuring of spatial and cultural relations worldwide.”⁵⁸ By focusing my research within two media capitals, Rio de Janeiro and Madrid, I am able to reposition a study of national cinema within the context of a global production strategy and transnational institutional study.

⁵⁸ Curtin, 111.

Tinic explores the media capital Vancouver as the center for Canadian television and film production and its position as Hollywood North. Her book, *On Location: Canada's Television Industry In A Global Market*, considers the role of cultural production in relation to Vancouver as a place and space in mediating Canadian cultural identities. Tinic's central argument is that "the 'nation' is an unstable category and that culturally specific programs are negotiated within an arena of competing interests, including the perceived need to gain access to global markets, the political and economic limitations of federal cultural policies and funding practices, and national network programming structures."⁵⁹ The cultural dimensions of globalization, regionalization, and the flexible nature of the nation intersect through industry practices and labor that operate within this particular place functioning as a transnational location for Hollywood and Canadian productions.⁶⁰ Tinic explains her focus on labor, specifically television producers, since they are "rarely discussed in the literature of media globalization, which tends to emphasize the rapid flow of media content in abstract terms but rarely examines the specific negotiations behind the images that end up on television and movie screens around the world"⁶¹

One of the most important contributions by Tinic, Curtin, and other scholars doing this type of work is how examining cultures of productions/production of culture

⁵⁹ Serra Tinic, *On Location: Canada's Television Industry in a Global Market* (Toronto: University of Toronto Press, 2005): x.

⁶⁰ *ibid*, 5.

⁶¹ *ibid*, 13.

challenges previous academic theories on industries, cultural work, and space/place. A focus on the human creative decisions and negotiations involved in the daily activities of media production helps to criticize decades of vague and abstract macro-level understandings of media industries within the academy. In a post-structuralist tradition, this focus on labor allows for a more specific viewpoint of the creative industries and individual workers than allowed by the political economic approach discussed above. How do producers imagine their media work and the industry of which they are a part? It is this attention to cultural labor within transnational media industries and practices that offers a more nuanced understanding of media industries outside the United States.

The theoretical framework that best illustrates the local language production strategy is an articulation between local and global process, practices, and conditions—the concept of the *translocal*. Andreas Hepp describes how the translocal as a “concept of cultures [is] outward-looking, exogenous focused on hybridity, translation, identification.”⁶² Influenced by the work of Curtin, Hepp, and Murphy and Kraidy, I argue local language productions between Sony and its Brazilian and Spanish partners must be examined as an interactive and dynamic process merging transnational, national, and local media cultures. As suggested by Murphy and Kraidy, I position my project as simultaneously “locally based and globally engaged” in order “to study the hybrid

⁶² Andreas Hepp, “Transculturality as a Perspective: Researching Media Cultures Comparatively,” *Forum: Qualitative Social Research* 10:1 (January 2009): 3.

cultural processes at heart of globalization” through my field research.⁶³ This allows me to explore Sony Pictures Entertainment’s position as transnational division of a media conglomerate that is shaped by the process of globalization as well as how local conditions and practices shape Sony’s operations within the local media industries. Furthermore, Hepp claims the term translocal addresses issues of locality and connectivity. He suggests

if research is centered on translocality this emphasizes, on the one hand, that those questions pertaining to all that is local still matter, but that on the other hand today’s locales are connected physically and communicatively to a very high degree. And that is the reason why the local does not cease to exist, but rather, changes.⁶⁴

As I will illustrate in this following chapters, the Sony LLP strategy produces films that simultaneously articulate a corporate nature and Brazilian or Spanish media cultures. In this case, the Sony film or the Brazilian film does not cease to exist, but rather, changes or hybridizes and becomes something else entirely.

In general, the objective of this chapter was to summarize key academic debate and theories for global media industries over the past few decades. Some of the earliest contributions such as Guback and Schiller came from the political economic model and offered an overview of economic and regulatory systems in relation to questions of power and inequality between national industries. From Hoskins et al. to Miller et al., later

⁶³ Patrick D. Murphy and Marwan M. Kraidy, *Global Media Studies: Ethnographic Perspectives* (New York: Routledge, 2003): 304.

⁶⁴ Hepp, 3.

political economy research on film examined the post-1980s neoliberal era ranging from neoclassical to Marxist interpretations. Yet, still grounded in questions of the ubiquitous nature of capital and position of Hollywood aided by co-productions, tax incentives, and film subsidies. While these concerns play into my project, I will not limit myself only to following the financial path as the powerful determinant for local language co-productions.

Another parallel debate emerged in the late-1980s and early 1990s that reconsidered notion of the nation-state in order to examine constructions of space and place. Through the work of Appadurai and other key figures of the period, deterritorialization, “scapes,” and the transnational category emerge as a way to rethink media institutions, industries, cultural labor, practices, policies, and audiences from a more nuanced, multi-spatial, and multi-faceted perspective. What is most salient for my following chapters is how to approach national cinema outside of container thinking or Hollywood/national cinema binaries but instead understanding the national within transnational networks and influences. The work of du Gay et al.’s “circuits of culture,” Curtin’s “media capitals,” and Tinic’s focus on cultural labor interrogate cultural studies issues of negotiation and agency via individuals, institutions, communities, and entire industries.

In order to contribute to this body of literature, I am interested in a field research methodology grounded in industry interviews with cultural producers, distributors,

policymakers, and trade organizations. For my project, this is the best way to explore a conglomerate media division working in a local film industry and the internal and external negotiations and tensions that arise. Chapters Four and Five present the efforts of my field research case studies in the context of contemporary Brazilian and Spanish production and distribution practices and industry conditions. I examine Sony's local language production through the intersection of two culturally and industry-specific locations, São Paulo and Madrid. My findings complicate previous understanding of national and transnational cinema as I explore particular institutional and industrial notions of local or regional media products, practices, and culture.

Chapter Three

The Trans/formation of Sony Pictures Entertainment and its Global Production Strategies

In 1989, Sony Electronics purchased Columbia Pictures Entertainment, a decision that would be questioned, criticized, and eventually lauded in U.S. industrial and academic discourse over the next decade. On a larger industrial level, the purchase has come to mark a turning point towards globalization, conglomeration, and convergence in the structures and processes of media industries worldwide as the 1990s witnessed a succession of unprecedented merger-and-acquisition waves.¹ Numerous accounts credit Sony's founding CEO, Akio Morita, with pushing the Japanese hardware company to move into the Hollywood film and music industries, particularly as a way to boost sales of its home electronics through producing and supplying its own content.² More than just an innovative Japanese consumer electronics company acquiring a historic American film studio and CBS Records the previous year, these purchases represent Sony's refashioning into a transnational multi-media corporation. In one effect, executives began utilizing globalization discourses in corporate language. For example, at the time Morita explained, "I use the term [globalization] because I don't like the word multinational . . .

¹ Mark L. Sirower, *The Synergy Trap: How Companies Lose The Acquisition Game* (New York: Free Press, 1997): 38.

² "Will Sony Make it in Hollywood?" *Fortune* (9 September 1991) accessed online (20 January 2010); Richard Turner and Yumiko Ono, "Japanese Find Hollywood Less Alluring" *The Wall Street Journal Asia* (7 April 1993) accessed online (30 January 2010).

if it means a company with many nationalities than [sic] that is not Sony. Sony is global.”³

As I begin this chapter, I want to ask the question: what does it mean for Sony to be global? What were some of the early strategies Sony implemented to expand into international media markets, specifically for television and motion pictures? As I outline in my Introduction, the parent company is often referred to as a Japanese company, but its filmed entertainment division, Sony Pictures Entertainment, is described as a Hollywood studio. However, as this chapter will interrogate, what internal restructuring and external corporate strategies did Sony adopt after its acquisition, restructuring, and expansion of Columbia Pictures throughout the 1990s to today in order to transform the media company into a global entertainment media producer and distributor? From a general perspective, how does Sony refocus and reconceptualize their idea of the “global” into a translocal production and distribution strategy for film and television?

According to Paul du Gay:

Throughout the 1980s two important developments indicate how Sony began actively extending [international operations] and presenting the company as a ‘global’ corporation. First, the company aimed to operate in ‘all’ markets across the world, to reach as many potential consumers as possible. Second, the company aimed to reorganize processes of production in such a way so that they would not be limited by constraints of the nation-state.⁴

³ N. Cope. “Walkman’s Global Stride,” *Business* (March 1990): 53 as qtd in Paul Du Gay, Stuart Hall, Linda James, Hugh McKay, and Keith Negus, *Doing Cultural Studies: The Story of the Sony Walkman* (London: Sage, 1997): 78.

⁴ Paul Du Gay, Stuart Hall, Linda James, Hugh McKay, and Keith Negus, *Doing Cultural Studies: The Story of the Sony Walkman* (London: Sage, 1997): 79.

Although characteristic of numerous transnational corporations, the extension into “‘all’ markets across the world” aided by “reorganizing processes of production” becomes key to Sony’s corporate identity and strategies. While former CEO Norio Ohga states “a commitment to doing things ‘our own way’ has shaped Sony’s image, growth, and development since the company’s beginning,”⁵ what does Sony’s “way” signify upon entering the creative production or software side of the media industry? What I am describing through this chapter is how Sony adapted this early expansion strategy from acquiring Columbia Pictures Entertainment and restructuring into Sony Pictures Entertainment into a pioneering centralized strategy for locally producing and distributing film and television throughout the 1990s and 2000s.

This chapter presents a focused institutional analysis of Sony Pictures Entertainment’s pursuit of “all” media markets geographically, particularly through its expanding television and motion picture operations in the United States and Latin America. In order to set up the context for my project, I will provide a historical and institutional background beginning with Sony’s acquisition of Columbia Pictures Entertainment in 1989 and restructuring of Sony Pictures Entertainment, through the expansion into television in the 1990s, followed by the emergence of the local language production strategy (LLP) and its eventual consolidation and centralization within the International Motion Picture Production Group (IMPPG) in 2007. The first section

⁵ Norio Ohga, *Doing It Our Way: A Sony Memoir*, Translated by Brian Miller (Tokyo: International House of Japan, 2008): 111.

outlines the industrial history surrounding the 1989 acquisition of Columbia Pictures Entertainment as a narrative of institutional and cultural clash. An exploration of various academic and industrial discursive strands existing around Sony's entry into the film industry reveals corporate transnational (dis)integration connected to conflicting national identities and traditional geographical boundaries between its American and Japanese operations. More importantly, what also emerges from this story of cultural and economic expansion is an internal strategy and struggle to develop a level of synergy between its newly joined divisions in order to produce "all media" or cross-media "total entertainment" from consumer electronics to media entertainment production and distribution.

However, SPE's pursuit of "all" media is not limited to the integration of its hardware and software divisions but, as du Gay argues, it also signifies a move into "all" media markets with its strategic corporate expansion into local, national, and regional international media operations.⁶ The second section explores Sony's entry into pay TV partnership and ownership through various international satellite operations, production companies, and studio infrastructure beginning in Latin America. SPE's strategy was increasingly to expand regional operations along an "adaptation curve" moving from joint ventures and importing English-language television programs to creating Sony

⁶ While the following two chapters will address Sony's strategy for contemporary international film production through the Brazilian and Spanish/European locations in detail, this chapter offers the historical context for key structural and geographic moves that foreground the remainder of my study.

Entertainment Television and co-producing local television shows. However, local television production in the region was seen as a failure and led Sony's operation in Latin America to refocus on film production in Brazil as will be discussed in Chapter Four. As SPE expands to international television, this regional-based experiment reveals some of the tensions that arise when trying to localize production models.

Where Sony established broadcasting roots in the mid-1990s, the company would later expand into local film production units through a similar localization strategy. Sony emerged as the pioneering transnational media company, becoming one of the first to implement a wide scale local language production (LLP) strategy for film. The final section focuses on LLP strategy and maps out the history of Sony's general regional and national territorial expansion between the mid-1990s to today focusing on parts of Asia, Latin America, and Europe. The LLP comes to represent another way Sony has reorganized and localized its production processes. How is the LLP strategy and Sony's position as a co-producer imagined? In turn, I explore how the executives conceptualize Sony's global identity and centralized LLP strategy against the company's cultural and geographical position within regional and national film industries and co-production partnerships.

What I hope to accomplish in this chapter is to situate the acquisition saga and subsequent growth of international operations into a larger narrative picture of Sony Pictures Entertainment's transformation into an integrated and transnational or "global"

media production and distribution company.⁷ By analyzing trade journals, interviews, corporate reports, and other industry texts, I will trace the historical trajectory of Sony's international operations using examples primarily from the United States, Latin America, and Europe. Overall, I am interested in how Sony built, diversified, and conceptualized its overseas media markets from 1989 to today through interconnected film and television ventures. This chapter reveals that Sony fashions a tightly industrial controlled global media brand and discourse around a shifting, localized production and distribution strategy.

THE SONY EXPERIMENT OR SONYWOOD BABYLON? ACQUIRING COLUMBIA PICTURES ENTERTAINMENT

Widely perceived as an inflated buying price, Sony paid \$3.2 billion (and later an additional \$1.6 billion of the company's debt) for Columbia Pictures Entertainment. Partially owned by Coca-Cola, Columbia included Columbia Pictures, Columbia Pictures Television, TriStar Films, and Loew Theatres.⁸ Within two years of the acquisition, Sony restructured and folded the film and television divisions under the subsidiary umbrella of Sony Pictures Entertainment (SPE). The SPE division would eventually encompass all

⁷ By *global*, I am referring to the term's implications of vast, expansive, and ubiquitous nature. Nataša Đurovičová, "Preface," *World Cinema, Transnational Perspectives* eds. Đurovičová and Kathleen Newman (London: Routledge, 2010): x.

⁸ John Nathan, *Sony: The Private Life* (Boston: Houghton Mifflin, 1999): 180.

film, television, gaming, and new media production, distribution, and exhibition.⁹ As a vertical integration acquisition, the divisions required restructuring that included hiring a new team of executives.¹⁰ For example, Jon Peters and Peter Gruber, successful Hollywood producers who had never run a studio, were bought out of their Warner Bros. contract and placed as co-chairmen of the film studio.¹¹

In an attempt to form an integrated media company developing centralized media products, Sony's acquisition reflects larger political and economic shifts occurring industry wide in the 1980s and 1990s such as conglomeration, deregulation, and convergence. Douglas Gomery characterizes this as a period of "merger mania" due to increased vertical and horizontal integration. In the U.S. context, relaxation on industry regulation during the 1980s Reagan administration fostered a climate for increased international ownership and concentration.¹² Conglomeration peaked by the mid-1990s, resulting in the formation of the big six media conglomerates that in addition to Sony included: Time Warner, Disney, News Corp, Viacom, and GE.¹³ New technologies such as cable, satellite, and digital technologies such as DVDs have allowed the studios to create news platforms and expand markets for entertainment commodities.¹⁴ Henry

⁹ For a contemporary breakdown of Sony Pictures Entertainment's division, see Appendix.

¹⁰ Sirower, 20.

¹¹ see Negus and Sirower for a detailed discussion of Peters and Gruber.

¹² This relaxation of industry regulation included the Financial Interest and Syndication Rules (Fin Syn Rules) which established in 1970 to prevent broadcasting monopolies across broadcasting.

¹³ Thomas Schatz, "New Hollywood, New Millennium," *Film Theory and Contemporary Hollywood Movies*. ed. Warren Buckland (New York: Routledge, 2009): 2

¹⁴ Janet Wasko, *Hollywood in the Information Age: Beyond the Silver Screen* (Austin: UT Press, 1994): 3.

Jenkins suggests “extension, synergy, and franchising are pushing media industries to embrace convergence.”¹⁵ By either squashing or embracing media technologies,¹⁶ new technologies have aided convergence, which he describes as “the flow of content across multiple media platforms, the cooperation between multiple media industries, and the migratory behavior of media audiences.”¹⁷ Furthermore, the result of deregulation in media ownership in the United States and privatization of many state-owned media institutions across Latin America and Europe has aided media conglomerates like Sony in controlling the product development, distribution outlets, and flow of content across multiple platforms. According to Thomas Schatz, “the key to the conglomerates’ hegemony and their financial welfare in the early 2000s has been the strategic integration of their film and TV operations in the U.S. . . . as well as their collective dominance of the global movie marketplace.”¹⁸ Sony’s cross-media, and later cross-cultural, expansion from their electronics business model into multi-platform media content by purchasing Columbia Pictures reflects many of these industrial shifts.

Sony’s official reasoning behind the purchase was a way to complement and control consumption patterns in their hardware business.¹⁹ The acquisition marks a turn in Sony’s company identity and strategies away from a consumer electronics company

¹⁵ Henry Jenkins, *Convergence Culture: Where Old and New Media Collide*. (New York: NYU, 2006): 2.

¹⁶ Most notably, these technologies included Sony’s lost battle with Betamax versus VHS format as well as the development of consumer electronics such as the personal music players Walkman and Discman.

¹⁷ Jenkins, 19.

¹⁸ Schatz, 3.

¹⁹ Sirower, 39.

solely known for the Walkman, high quality television sets, and the failed Betamax experiment. As Keith Negus suggests, “no longer would Sony simply be known as a manufacturer of technology, it would now be a ‘total entertainment’ company that provided both the hardware (compact disc players, video-recorders, televisions) and the software (film, television, videogames, and music) that featured them.”²⁰ Motivations included cost-saving benefits of “selling” content or intellectual property to another part of the same company and market control of ‘theatrical windows.’²¹ By expanding and synchronizing related areas of the entertainment company, Sony’s executives hoped to achieve a level of integration as “synergy” between their various product lines and increase the overall value of the company. In relation to the specificity of media economics, Borja Mora-Figueroa claims the synergy theory describes four possible processes: “exploiting content by re-using it within the different areas of a company; the use of several areas to jointly foster a service offered by the company; multi-tasking by the staff in different operations or activities and saving in management costs.”²² In general, synergy assumes the merger of two companies or institutions will result in an

²⁰ Keith Negus, “The Production of Culture,” in *Production of Culture/Cultures of Production* ed. Paul du Gay (London: Sage, 1997): 68.

²¹ Douglas Gomery, “The Hollywood Film Industry: Theatrical Exhibition, Pay TV, and Home Video,” *Who Owns the Media? Competition and Concentration in the Mass Media Industry* eds. Benjamin M. Compaine and Douglas Gomery (Mahwah, New Jersey: Lawrence Erlbaum Associates, 2000): 365 & 379-80.

²² Borja Mora-Figueroa, “The Development of Transversal Media Corporations,” *Journal of Media Business Studies*. 5:3 (2008): 35-52.

increase in profit performance than if the two companies remained distinct.²³ The actual term synergy is more common in industry trades and academic discussion than Sony corporate language. In the early 1990s, Chairman of Sony Corporation USA Michael P. Schulhof wanted another word besides synergy to describe Sony's integration or convergence strategies: "it connotes something artificial; things have to work because they feel right."²⁴ Whether using the terminology "synergy" or "total entertainment," from a management level, Hollywood producers and Japanese designers could work together to create products across a multi-media platform all within the boundaries of Sony. In other words, the parts are better (and more profitable) as a whole.

Ideally, integrating the divisions of the newly combined companies could achieve "total entertainment" through a variety of methods. According to Negus, four potential synergies specifically for Sony included: 1) textual connections or synergies in software, 2) connections between hardware and software, 3) convergence of previously distinct hardware components, and 4) connections between technologies of distribution.²⁵ For example, Sony produces a franchise film that translates into a videogame for the Playstation, a music soundtrack for its Discman, and later distribute for Sony satellite channels and to watch on Sony televisions. One Sony executive in 1991 described the company's synergistic plans through the concurrent and integrated development of

²³ Sirower, 20.

²⁴ Johnnie L. Roberts, "Missing Links: Entertainment Giants, Like Sony, See Little of Synergy's Benefits," *The Wall Street Journal* (30 March 1993) accessed online (14 February 2010).

²⁵ Negus, 85.

videogames and soundtracks with a film such as *Hook* (dir. Steven Spielberg, 1991): “By owning a studio, we can get involved right from the beginning, during the writing of the movie. We can get footage as it’s being filmed. We can say ‘Can you film the backstage in a certain way because we need it for a videogame?’”²⁶ Furthermore, Columbia Pictures Chairman, Mark Canton, in the early 1990s described how this integrated strategy operated with the big budget of the Arnold Schwarzenegger star vehicle *The Last Action Hero* (1994): “you have a franchise that goes well beyond the movie [since] this isn’t the type of movie you do in isolation . . . [Columbia Pictures executives asked] people to go back to their divisions and calculate what they could bring to the party, and the prospective profit margins that made sense for all of this.”²⁷ By focusing its film, gaming, and music divisions on the same franchise, Sony executives hoped to maximize its media holdings across a common goal.

Yet, as any moviegoer knows, plots do not always unfold as planned and protagonists do not always reach their goal. As various academic and industrial accounts have outlined, restructuring of executives and production processes did not initially result in “total entertainment.”²⁸ Japanese executives referred to the acquisition as “The Sony

²⁶ Nancy J. Perry, “Will Sony Make It In Hollywood?” *Fortune* (9 September 1991) accessed online (1 March 2010).

²⁷ Roberts, accessed online.

²⁸ See Jenkins, *Convergence Culture*; Toshio Mitsufoji, “Strategic Alliance in the Video Industry: The Acquisition of Columbia by Sony and MCA by Matsushita,” *Strategic Change* 2:4 (July/August 1993): 207-214; Daya Kishan Thussu, “Mapping Global Media Flow and Contra-Flow,” in *Media on the Move: Global Flow and Contra-Flow* ed. Thussu (Routledge: New York, 2007); Joseph Turrow, “The

Experiment” due to difficulties merging staff, divisions, and the diverse products from both the Japanese hardware and American software sides into a cohesive transnational company.²⁹ What followed over the course of the early to mid-1990s was described as “in-fighting, overspending, and sudden departures among the US movie moguls hired by Sony to run its affairs in Tinseltown – often at vast expense.”³⁰ For example, between 1991 and 1996, four turnovers for the Columbia/Sony Pictures’ chairperson position included Peters (1989-1991), Guber (1989-1994), Mark Canton (1994-1996), and John Calley (1996 - 2003). Additionally, Sony Pictures Entertainment had to take a \$3.2 billion write-off of losses in 1994 and fired its top executives amid sell-off rumors that lasted into the late 1990s.³¹

Sony’s aims for synergy came with management and financial problems and widespread industry criticism. SPE’s position in the film industry became synonymous with a narrative of failure. In turn, Sony openly stopped using the concept of synergy, claiming the business term as a “dirty word” tainted in the press.³² The buzzword of the 1980s became a sign of failure in the 1990s. According to Negus, “the attempt at

Organizational Underpinnings of Contemporary Media Conglomerates,” *Communication Research*. 19:6 (December 1992): 682-704.

²⁹ Nathan, 180.

³⁰ “Welcome to Tinseltown, Mr. Morita,” *The Independent* (10 April 1994) accessed online (24 February 2010).

³¹ John Lippman and Laura Landro, “The Intrigue Thickens at Sony Pictures – Can Idei End the Hollywood Studio’s Battles and Stem its Fortune?” *The Asian Wall Street Journal* (13 September 1996) accessed online (24 February 2010); “Japan’s Sony Denies U.S. Movie Unit Sale Report,” *Dow Jones International News* (13 November 1996) accessed online (31 March 2010).

³² “Sony in Hollywood – The Nightmare Continues,” *The Economist* (21 September 1996) accessed online (24 February 2010).

‘synergy’ had merely forced a series of short-term ‘culture clashes’ rather than created any new ways of working with hardware or software.”³³ The culture clash metaphor comes to stand in for Sony’s inability to integrate its various media companies. Popular accounts discuss awkward meetings that united hardware engineers with creative producers and marketing teams.³⁴ From a top-down corporate perspective, industry trade papers published scathing accounts of Sony’s Japanese executives’ inability to control or manage their new American counterparts, describing in detail the company’s numerous “flops,” large losses, and excessive spending such as a multi-million dollar purchase and renovation of the Culver City studios. Headlines ranging from “When corporate cultures collide” to “Sonywood Babylon” tell the story of Sony’s difficulties.³⁵ Tarnished hopes for cross-company synergy were most famously connected to the critical and commercial failure *Last Action Hero* (1994) and the English-language *Godzilla* remake (1996), both aiming to integrate Sony’s music, gaming, film, and consumer products divisions.³⁶ In the midst of a highly publicized period of restructuring, Sony Pictures became known as a “virtual bomb factory” or “blockbuster-free zone” in making English-language

³³ Negus, 92.

³⁴ Johnnie L. Roberts, *The Wall Street Journal* (30 March 1993) quoted in Keith Negus, “The Production of Culture,” in *Production of Culture/Cultures of Production* ed. Paul du Gay (London: Sage, 1997).

³⁵ “When Corporate Cultures Collide,” *Electronic Media* (2 March 1992) accessed online (24 March 2010); Ronald Grover, “Sonywood Babylon – Are Columbia-TriStar’s Prospects as Bad as the Buzz?” *Business Week* (20 June 1994) accessed online (24 February 2010).

³⁶ “Sony’s *Last Action Hero*, A Real Disaster Movie,” *Business Wire* (22 February 1994) accessed online (24 February 2010).

blockbusters by 1996.³⁷

Particularly, in a *Business Week* article from December 1994 titled “Sony’s Heartaches in Hollywood: A Case Of How Not To Break Into Movies,” authors Ronald Grover, David Greising, and Mark Landler identify three lessons learned from the Sony/Columbia partnership: “1) Don’t put dreamers in charge of the bank account, 2) Don’t spend a fortune on bricks and mortar, and 3) Don’t assume you have to buy a studio to be a player.”³⁸ This advice, from a largely American point-of-view, represents the widespread belief in the Japanese inability to localize or understand the cultural nuances of Hollywood business.

Across media and business industry trades at the time, the failure of Sony’s management decisions and cross-media strategies was shaped as occurring around an inability to integrate different national and corporate cultures. Partnering complex organizational activities and management practices involves more than merging media technologies and techniques of production; it requires connecting different working practices and their ‘cultures of production.’³⁹ One American executive’s description of Sony best sums up the accounts during this period: “Sony is the most Westernized company in Japan, but they go home at night and put on a kimono. People forget that.”⁴⁰

³⁷ Diane Mermigas, “Sony Division Bouncing Back; SPE’s programming Key in Global Cable Growth,” *Electronic Media* (25 September 1995) accessed online (24 May 2010).

³⁸ Ronald Grover, David Greising, and Mark Landler, “Sony’s Heartaches in Hollywood: A Case Of How Not To Break Into Movies,” *Business Week* (December 1994) accessed online (24 May 2010).

³⁹ Negus, 68-9.

⁴⁰ “When Corporate Cultures Collide,” accessed online.

The battlegrounds were drawn between hardware/software, East/West, and Japan/United States. Examples of these clashes include accusations of American short-termism versus Japanese ultra-long-termism and a disconnect between the efficient, albeit essentialized, Japanese management style in dealing with creative executives in Hollywood.⁴¹ Sony's failure to produce lucrative films was blamed on Japanese internal logic or "insularity" and an overemphasis on and the irrelevance of the Japanese pursuit of market share within Hollywood.⁴² One industry analyst's comments in a 1994 *Independent* article echo these cultural disconnect criticisms: "does Sony really know what's it doing, or has it got its fingers badly burnt by a secretive and byzantine foreign industry, run by insiders? Have the Americans turned the tables and taken the Japanese for a ride?"⁴³

The discursive perimeters around these initial problems reflected Sony's geographical and cultural identity as a Japanese company and how its entrance into the American film industry also came with protectionist backlash. Metaphors abounded from Japan "picking off American jewels one by one" to stealing "a slice of America's precious cultural legacy".⁴⁴ While Hollywood is positioned in this scenario as a cultural legacy in need of protection, what these criticisms reveal are larger concerns and

⁴¹ Turner and Ono, accessed online.

⁴² "Sony Failure Shows up Japan's insularity," *Strait Times* (3 December 1994) accessed online (24 May 2010); Turner and Ono, accessed online.

⁴³ "Welcome to Tinseltown, Mr Morita," accessed online.

⁴⁴ "Will Sony Make it in Hollywood?" accessed online; "Welcome to Tinseltown, Mr Morita," accessed online.

anxieties around globalization during the 1980s and 1990s.⁴⁵ Anxieties about a Japanese invasion or overtaking of American business resulted, particularly after Sony's and, later Matsushita's, entrance.⁴⁶ A September 1989 issue of *Newsweek* illustrates these anxieties, with the Statue of Liberty depicted as wearing a kimono and titled "Japan Invades Hollywood." As former CEO Ohga later stated in his Sony memoir, "the message was unmistakable: Sony was usurping the soul of America."⁴⁷

The story of Sony's acquisition is a telling example of anxieties around globalization and the growing pains involved in expanding the media company's international operations. As Sony attempted to transform itself into a global media company through its acquisitions and corporate language, much of the debates in the business and media industries about cultures of productions were nationally bounded. For instance, the Japanese were unable to understand the American film industry or American executives could not adhere to Japanese business models. Many industrial accounts of the acquisition are overly simplified and furthered the narrative that synergy failure was due largely to cultural clashing. They assume a direct top-down hierarchy from Japan to the United States. Yet, as I argue throughout my project, Sony Pictures Entertainment does not micromanage every aspect of their international entertainment operations but allowed their entertainment subsidiary early on to run as a quasi-autonomous subsidiary.

⁴⁵ Negus, 79-80.

⁴⁶ E. Scott Reckard, "Japan's Deals in America: Did the Empire Strike Out?" *Associated Press* (16 January 1992) accessed online (24 May 2010).

⁴⁷ Ohga, 98.

However, the challenges Sony faced reveal the messy and disjunctive nature of corporate culture and everyday business. Sony may have constructed a global company identity and goal to move into film and television industries outside of the corporation's Japanese headquarters. However, as the following chapters reveal, implementing a centralized strategy of "total entertainment" and overseeing these international operations is not a neat process. The fact that SPE overextended and may have overestimated the immediate growth potential for their filmed divisions has a direct correlation with their decision to move into the lucrative television satellite business and systematized international media production before many of its peers.

In 1992, SPE created a specialized film acquisition and distribution division, Sony Pictures Classics (SPC). Led by the three co-founders of the independent Orion Pictures unit, Michael Barker, Tom Bernard, and Marcie Bloom, the division signaled an early move for SPE into distributing international specialized, art house films beginning with the successful release of *Howard's End* (1992, dir. James Ivory).⁴⁸ Since the 1990s, SPC has been a central distributor of independent and foreign language films within the U.S., making reoccurring deals with filmmakers such Woody Allen, Pedro Almodóvar, Ang Lee, and Andrucha Waddington. SPC employees describe their division as completely autonomous from SPE from acquisition to advertising decisions.⁴⁹ As will be discussed in

⁴⁸ "Sony Pictures Creates Sony Pictures Classics Division," *Dow Jones News Service* (11 February 1992) accessed online (15 April 2010).

⁴⁹ Sony Pictures Classics employee, phone interview by author, January 2010.

the following chapter, SPC may partner a LLP operation to provide gap financing or pick up the film for release in the North American market. SPC served as an important step in SPE creating a multi-layered approach to their motion picture programming that moved away from complete dependence on mid- to large-budget English language productions and expanded into Asian, European, and Latin American industries.

In other SPE film divisions of Sony Pictures and Columbia TriStar, motion picture performance and profitability finally rebounded with the success of global hits such as *Men In Black* (1997) and *My Best Friend's Wedding* (1997) and made headlines by setting an all-time record for domestic and international gross of \$2.34 billion in 1997.⁵⁰ The so-called failed English-language filmmaking operations adjusted and began to average a steady profit throughout the following decade. However, the story of Sony and Columbia TriStar's marriage should not be understood as an American romantic comedy about an East meets West relationship that did not work until it did. Historical accounts of SPE can easily be told through the failure and ultimate rise of Sony Pictures vis-à-vis English language blockbusters. Yet, this is the same Hollywood-centric narrative largely told throughout the trades and media industry studies literature. Why limit the analysis within neat national boundaries, particularly considering the realities of an increasingly globalized industry, institution, and operations? This multi-faceted media company operates outside of the American media industry, particular as SPE restructured

⁵⁰ Brian Fusion, "Sony Box Office Out Of This World," *Hollywood Reporter* (1 September 1998) accessed online (24 May 2010).

its international television and film operations beyond English-language production and distribution in the 1990s.

Yet, to end the story of Sony's global/transnational expansion from an American perspective, Columbia TriStar would leave out a central yet connected turning point—how this global refashioning also includes the concurrent movement into international television and film production and distribution. In 1993, Sony's American chairman, Michael P. Schulhof, acknowledged the significant effect Sony would have on companies like Columbia:

the real internationalization of the film business is going to come because companies like Sony and Matsushita are involved now and will promote a more active role in foreign territories than just the business as usual of exporting U.S.-made product . . . [and] will force companies to establish fully integrated operations in all the countries around the world.⁵¹

It was around this same period that SPE and Columbia TriStar announced a plan to produce local language content for major markets worldwide.⁵²

While SPE witnessed growing pains through the 1990s with its restructuring, the company continued to expand their sights and ambitions to local and regional models of ownership and partnership in Europe, Latin America, and Asia through distribution and production. For the remainder of this chapter, I am hoping to compliment accounts of Sony in the 1990s and 2000s as more than an English-language film studio. SPE striving

⁵¹ Laura Landro, "Global Entertainment: Hollyworld" *The Wall Street Journal* (26 March 1993) accessed online (24 May 2010).

⁵² Rodrigo Saturnino, Sony do Brasil, interview by author, 15 September 2010, São Paulo, Brazil.

to become a more global media player is a multi-faceted and complex trajectory occurring largely outside of its American headquarters.

OLÉ!: REGIONAL TELEVISION NETWORKS AND MARKETS

To understand fully Sony's (post)acquisition history within the larger corporate strategy to achieve "all media" in all markets, it is necessary to consider Sony Pictures Entertainment operation beyond a Hollywood film focus. While the Columbia TriStar group struggled to turn a profit, particularly from its English-language film units, other divisions under the SPE umbrella were expanding successfully beyond the United States. In the early 1990s, SPE began systematically investing in satellite television channels in Latin America. This section explores how Sony's international operations developed from partnerships in established channels like HBO and exporting English-language content to creating their own channel, Sony Entertainment Television, and co-producing local programs. SPE developed and adapted international operations within a specific geographic context and, later, applied this strategy in other regional markets. This strategy reflects what Luiz Guilherme Duarte describes as the "adaptation curve," a four-stage process for firms trying to increase local market involvement as part of a larger internationalization effort: 1) no regular export activities, 2) exportation of individual shows on syndication, 3) development of overseas DBS/cable channels, and 4) creation

of overseas production units.⁵³ By focusing on a regional operation and expanding from a distribution to production model in this area, Sony strategy reveals a flexibility to adapt to local political, economic, technological, and cultural conditions.

After decades of national identity and developmental focused policies, the Latin American region saw sweeping political economic changes during the 1980s and 1990s. A wave of economic liberalization and democratization swept the region (largely from the pressure of international institutions such as IMF and World Bank) throughout countries such as Brazil, Chile, Argentina, and Mexico. Latin American governments turned away from previous import substitution industrialization (ISI) measures that focused on replacing imported products with domestically produced cars, computers, agricultural goods. Instead, the largest economies in the regions moved toward neoliberal reform such as privatizing state enterprises and encourage international investment as a method to fix hyperinflation, increase competitiveness of local industries, and open their economies to global markets. In order to stabilize their economy after the end of a long military dictatorship, Brazil implemented a number of austerity measures cutting social programs and introduced the Plano Real that included a new currency in the 1990s.

The Brazilian, Argentine, and Mexican governments restructured and privatized state-owned communications into broadcasting, telecommunications, and film enterprises in order to encourage foreign direct investment. As media markets opened and currencies

⁵³ Luiz Guilherme Duarte, *The Cable Empire Strikes Latin America: How American Pay-TV Conquered the Continent* (Lexington, Kentucky: vide-u, 2001): 78.

fluxuated, international corporations began aggressively to invest in the region through direct broadcast satellite channels. CNN, TNT, and HBO International were the first commercial channels to enter the Spanish-speaking market by 1991. In the following years, SPE partnered in two HBO channels in Latin America: HBO Olé and HBO Brasil. Time Warner and Venezuela's Omnivision had created HBO Olé in 1991 as a subscription channel available throughout Spanish-speaking Latin America. Initially the majority of Olé's television programming emerged from deals with Warner Bros., Twentieth Century Fox, and Columbia TriStar whereas only 10 percent of its programming was produced locally.⁵⁴ The same year, SPE also partnered with Warner Bros., HBO, Olé Communications, and Televisão Abril (TVA) to create HBO Brasil, a pay-TV network modeled after the success of Ole.⁵⁵ HBO Brasil featured movies, sports, and specials 24 hours a day with all programming dubbed or subtitled in Portuguese. According to Michael Grindon in 1994, Executive Vice President of Columbia TriStar International television division: "The launch of HBO Brasil reflects the growing momentum of our HBO Olé alliance and continued strengthening of our presence in the important, fast-growing Latin American marketplace. This represents a superb outlet for

⁵⁴ A. Adam Glenn, "HBO Olé Targeted To Latin America," *Broadcasting & Cable* (21 January 1991) accessed online (24 May 2010).

⁵⁵ Glenn provides an institutional history for both TVA and Olé Communications: TVA is the pay-TV service owned by one of Latin America's largest communication conglomerates, the Abril Group. He describes Olé Communications as "a founding partner of HBO Olé, has numerous other entertainment interests throughout Latin America – including Omnivision and Multicanal – the major television subscription services in Venezuela – and Marte TV, one of the leading independent television production houses in Latin America."

SPE's extensive filmed entertainment library, as well as our current and future product."⁵⁶ This comment from Grindon outlines SPE's intentions and expectations for the Latin American media market as finding further distribution windows beyond theatrical release for their television and film content. This also reflects larger patterns of growth throughout the satellite television industry around this period by transnational and national companies, such as Brazil's TV Globo launching Cine Canal alongside partners Viacom, Twentieth Century Fox, and United International Pictures. While the majority of programming would come from outside of Brazil, it is an important shift towards local language productions since previously Brazilian movie channels Tele Cine and Showtime did not offer 100 percent of its schedule in Portuguese.⁵⁷

As waves of democratization, privatization, and deregulation of telecommunications changed the media climate in Latin America during the 1990s, the region witnessed an increased presence of media partnerships and ventures between transnational media conglomerates with national media.⁵⁸ With the rise of satellite technology, conglomerates such as Sony utilized regional pay channels as an opportunity to expand their international operations through the 1995 formation of an international

⁵⁶ "TVA, WB, SPE, etc," *Business Wire* (20 April 1994) accessed online (24 March 2010).

⁵⁷ Duarte 157; Scott Hettrick, "HBO In Brazil With Olé Spinoff Of 24-hr Premium Cable TV Network To Launch July 1, 1994," *Hollywood Reporter* (20 April 1994) accessed online (13 April 2010); Janet Stilson, "Americans Plans Rival Film Channels In Brazil," *Multichannel News* 15:7 (25 April 1994) accessed online (18 April 2010).

⁵⁸ Karen Anderson, "Latin America Is Hot," *Broadcasting & Cable* (24 August 1998) accessed online (18 April 2010); Jose-Carlos Lozano, "Latin America: Media Conglomerates," in *The Media Globe: Trends in International Mass Media* ed. Lee Artz and Yahya R. Kamalipour (Lanham: Rowman & Littlefield, 2007): 109.

distribution division, Columbia TriStar International Television (now known as Sony Pictures Television International). At the time, Sony already had U.S. domestic television operations and was a major producer of American television shows. However, unlike the filmed entertainment divisions of other conglomerates such as Disney, Time Warner, Viacom, and News Corp, Sony Picture Entertainment did not have a U.S. television distribution operation.

Instead of focusing domestically, SPE continued to expand internationally. The next step for Sony in the Latin American broadcasting market was the creation of its first solely owned TV channel, Sony Entertainment Television. Significantly, Sony introduced the first TV channel to bear the company name not in the United States or Japan but in Latin America. The basic cable network is a mix of subtitled American television series, older theatrical releases from Sony's film library, and, more recently, Brazilian films targeted at a younger, upper-class audience.⁵⁹ As Sony Pictures struggled with bloated and underperforming English-language productions during the early to middle 1990s, other SPE divisions such as its international television group continued to expand successfully and utilize Sony's library offerings through new television ventures. Diane Mermigas contends SPE began to regain profitability in the mid-1990s "on the wings of strong domestic program returns, deep cost cuts, and ambitious international

⁵⁹ Robert Marich, "WB, Sony Plan Latin Cables Announces Plan To Launch Cable Networks In Latin America," *Hollywood Reporter* (25 January 1995) accessed online (25 April 2010).

expansion.”⁶⁰ By the late-1990s, SET added an exclusive Brazilian feed that included local Portuguese language productions such as *As Últimas* and *Estilo Sony*.⁶¹

In 1995, Sony was in initial stages of its international expansion. Mermigas recounts “having invested hundreds of millions of dollars at a loss to produce programs and to launch new cable services abroad, [SPE’s] financial and competitive future [was] firmly rooted overseas.”⁶² From the Latin American experience, SPE went on to launch pay TV channels in Germany, India, and East Asia as a part of a larger overseas “rebuilding strategy,” fashioning themselves as a “global content supplier.”⁶³ For example, Sony continued to invest in international television networks and operations such as a Hindi-language channel in 1995, a joint venture in HBO Asia (1995), Kuwaiti TV (1996), and a pan-Asian action channel, AXN (1997), which was later expanded across Latin America, Europe, and Asia.⁶⁴ SPE President and CEO at the time, Alan Levine, described these strategies as “an opportunity to leverage assets we already own—namely, our extensive library and the continuing TV and motion picture contributions to that library. We are expanding the marketplace for our own product.”⁶⁵

In 1997, Columbia TriStar International Television (CTIT) ventured beyond outlets and into creation of content by co-producing programs with local producers and

⁶⁰ Mermigas, accessed online.

⁶¹ Duarte, 163.

⁶² Mermigas, accessed online.

⁶³ Duarte, 163.

⁶⁴ “Sept Launched For Sony TV Channel,” *The Business Times Singapore* (21 August 1997) accessed online (24 April 2010).

⁶⁵ Mermigas, accessed online.

broadcasters in Mexico, Brazil, Argentina, and Venezuela. Co-productions ranged from importing program formats to developing original programming such as sitcoms, game shows, miniseries, and telefilms. Senior VP and CTIT head of production recalled that “the company’s drive into the market with local productions is in line with a worldwide move to team with local broadcasters and producers to make local language programming . . . as a rule, local language programs achieve better ratings than dubbed or subtitled programming.”⁶⁶ In only a few years, Sony shifted from its earlier strategy of distributing the Sony television library to actively co-producing local television shows and arguing for the importance of cultural proximity by noting, as had academic research, that local audiences prefer local programming.⁶⁷ This realization becomes one of the driving forces behind the push for the local language productions in the 1990s and 2000s examined throughout this project.

Yet, this shift from recycling the English-language media library to co-producing original local programming was not an easy transition within the growing Latin American industry. The Latin American television model Sony created worked better from a sales perspective than local production. According to Iona de Macedo, former VP of Television in Latin America:

you can’t go in and produce with television stations that have been doing it the

⁶⁶ “Columbia TriStar TV Going South Will Co-produce A Slate Of Programs In The Latin America Region,” *Hollywood Reporter* (18 November 1997) accessed online (24 May 2010).

⁶⁷ Duarte, 36-41; Joseph Straubhaar, “Beyond Media Imperialism: Asymmetrical Interdependence and Cultural Proximity,” *Critical Studies in Mass Communication* 8 (1991): 1-11.

same way for 75 years and try to impose another way. We tried and it wasn't the right model. The right model was what we do with the game shows that we come, we say how it works, we consult, and they do it the way they know how to do.⁶⁸

Although for a short period of time Sony Television offered a production service and program format sales to local television networks in Latin America, they quickly discovered the political, economic, and cultural problems of trying to sell a different production model to industries with strong, local institutional and production practices. de Macedo describes the tensions and “clash of production cultures” between Sony and its Latin American partners. According to one of the producers with whom I spoke, these local partners criticized Sony’s production model as inefficient and not specific enough to deal with local market conditions and audiences. In turn, Sony Television changed the model back to selling formats and exports but based their offices out of the Spanish-language media capital, Miami.

Sony’s move into overseas television services is significant for two reasons. First, Sony chose the large cultural linguistic market of Latin America (including the Caribbean, Mexico, Central, and South America) in creating its first television network and its move into television production. Karen Anderson suggests the reason for Latin America as a desirable location was because “as the mature North American and European satellite markets maintain incremental growth, and the Asian market plods through an economic recession, Latin America has become a hot spot for the global

⁶⁸ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

satellite industry [and media investment in large].”⁶⁹ The region served as a testing ground or early experiment for many of the company’s local production strategies throughout the 1990s. When the television production model failed in Brazil, Sony International executives shifted the people and resources from television to film and refocused on expanding local film production (as explained to me by Sony employees in Latin America).

Second, Sony’s strategy for entering new markets seemed to be to partner with knowledgeable transnational and/or local entities with experience in the region and media industry. Sony followed a similar pattern when moving into other key markets throughout East Asia, the Middle East, and Europe during the late 1990s, in a way experimenting and laying roots for further ventures in each area. Beginning with television export and distribution systems in the first part of the decade, Sony quickly moved into television co-productions. It appeared Sony gradually and systematically adapted production and distribution models to a cultural linguistic region based on ideas of cultural proximity as argued by John Sinclair and Joseph Straubhaar.⁷⁰ As the remainder of this chapter and dissertation illustrates, Sony’s move from distribution to production in Latin America reveals a similar localization pattern or strategy for expanding region by region into international film markets.

⁶⁹ Anderson, accessed online.

⁷⁰ see Sinclair and Straubhaar.

LOCALIZING SONY: THE LOCAL LANGUAGE PRODUCTION STRATEGY

In relation to the expansion of international television operations, the local language production (LLP) strategy emerges in the 1990s as part of SPE's expanding international operations. In this section, I will outline the history and practices of the LLP as an alternative film strategy. Instead of treating markets such as Latin America, Europe, and Asia as merely an extension of the domestic, North American market by distributing the same English-language content as has been the strategy historically, Sony began actively to produce and distribute motion pictures and television programs specifically for regional and local audiences. In 1997, SPE co-president Jeff Sagansky stated at a Los Angeles Entertainment Symposium: "my belief is that the days of 'if we film it, they will come' are either over or soon will be. The world is changing, and we have to change with it (or we) will pay a terrible price."⁷¹ Sagansky criticized the traditional Hollywood-centric, one-size-fits-all approach to overseas territories and instead distinguished Sony's future strategies: "Today, I see two new boats pulling out, one for Asia and one for Latin America . . . [a] company that aspires to market leadership on a global basis – and I work for one, Sony – better be on those boats."⁷² For the remainder of this chapter, I will examine a general industrial and institutional history of the LLP "boat." What results is an aggressive localization strategy that has emerged over the last decade, become associated primarily with Sony, and reflects changing contemporary transnational media

⁷¹ Carl DiOrio, "Sagansky: Go With The Global," *Hollywood Reporter* (10 February 1997) accessed online (24 May 2010).

⁷² *ibid.*

practices.

Beginning around 1998, SPE's international film division made a strategic shift towards local co-productions in smaller markets outside of the United States.⁷³ Described as a "bottom-up approach" to filmmaking (to distinguish it from Sony's globally distributed English-language top-down approach), the LLP strategy is a film produced within a local industry such as Brazil, Germany, or India using local talent and creative professionals but financially backed, guided, and, in some cases, solely developed by Sony's local or regional offices.⁷⁴ Within the industrial discourse, Sony is positioned as the "vanguard" in pioneering the LLP strategy, becoming: "the first global company to go into foreign-language film production" on a large scale and "leading the way in producing motion pictures not just overseas, but in languages other than English with cultural content geared for particular countries or territories."⁷⁵ Furthermore, between 1998 and the mid-2000s, Sony's LLP operations are described as "the most ambitious worldwide" due to its position as the only major transnational film company to maintain stand-alone local language productions units throughout Europe, Latin America, and

⁷³ Laura M. Holson, "Hollywood Seeks Action Overseas," *New York Times* (3 April 2006) accessed online (18 April 2010).

⁷⁴ Eric Pflanner, "Hollywood Turning To Non-English fare" *International Herald Tribune* (24 May 2004) accessed online (24 May 2010); Akemi Nakamura, "Hollywood's Japan Units Pursue Local Blockbusters," *The Japan Times* (12 December 2002) accessed online (24 May 2010).

⁷⁵ Sharon Swart, "Sony Spans Globe For More Local Films; Deborah Schindler Ramps Up In Berlin," *Variety* (13 June 2008) accessed online (15 January 2010); Frank Rose, "Think Globally, Script Locally," *Fortune* (November 1999) accessed online (1 April 2010); Alan Leigh, "Think Locally," *Hollywood Reporter* (1 October 1999) accessed online (12 April 2010); Pflanner, accessed online.

Asia.⁷⁶

In general, the local language films are aimed at local, regional, or geo-linguistic audiences and typically not planned for exportation to other markets. Instead they are designed for limited to wide release in their national or regional industry within Sony's global marketplace described as "east of Columbus Avenue and west of Pacific Coast Highway."⁷⁷ International co-productions are not a new strategy, as illustrated by the scholarly work of Thomas Guback, Kristin Thompson, Tino Balio, Tim Bergfelder, and Colin Hoskins, Stuart McFadyen, and Adam Finn.⁷⁸ Particularly, in his book *United Artists: The Company That Changed the Film Industry*, Balio examines the international operations and co-productions between United Artists and its U.K., French, and Italian partners such as *Tom Jones* (dir. Tony Richardson, 1963) and *Last Tango in Paris* (dir. Bernardo Bertolucci, 1972). However, media companies like Sony, Fox, and Warner Bros. appear to be (re)thinking their local position through more centralized, corporate production strategies. The LLP reflects a "policy of 'global-localization'" as described by Sony international executives. From their perspective, a national or regional Sony office

⁷⁶ Nicole LaPorte, "Local Pix Pique H'wood," *Variety* (12 September 2004) accessed online (25 April 2010); Sony Pictures Creates International Motion Picture Group," accessed online; Hy Hollinger, "Distribs Speaking Their Language," *Hollywood Reporter* (10 May 2005) accessed online (24 May 2010).

⁷⁷ DiOrio, accessed online.

⁷⁸ Thomas Guback, *The International Film Industry: Western Europe and America Since 1945*. (Bloomington: Indiana University Press, 1969); Kristin Thompson, *Exporting Entertainment: America in the World Market, 1907-34* (London: bfi, 1985); Colin Hoskins, Stuart McFayden, and Adam Finn, *Global Film and Television: An Introduction to the Economics of the Business* (Oxford: Clarendon Press, 1997); Tim Bergfelder, "National, Transnational or Supranational cinema? Rethinking European Film Studies" *Media, Culture & Society* 27(3): (London: SAGE Publications, 2005).

teams up with local production companies. Sony planned in 1998 to produce additional local content to “supplement” the distribution of their English-language films already in British, Hong Kong, or Mexican theaters.⁷⁹ Examples of these LLPs range from the Brazilian *Orfeu* (dir. Carlos Diegues, 1999) to the Chinese language, *Kung Fu Hustle* (dir. Stephen Chow, 1998) and more recently the German *Friendship!* (dir. Markus Goller, 2010).⁸⁰

There are disputes in the industry over the definition of “local language.” A few professionals suggest Sony’s U.K. operation and co-productions such as *Damned United* (dir. Tom Hooper, 2009) are not considered local language due to their English-language status as well as the imperialist baggage and historical dominance within international media markets resulting in ease of travel.⁸¹ As discussed in my Introduction, historically English-language films increasingly have dominated box offices in European or Latin American territories.⁸² Thus, the LLP strategy exemplifies a shift from Sony’s primary strategy of focusing on big-budget tentpole pictures such as *2012* (2009, dir. Roland Emmerich) or *Eat, Pray, Love* (2010, dir. Ryan Murphy), produced by Sony Pictures and

⁷⁹ Meenakshi Shedde, “Hollywood Threatens Bollyland,” *The Times of India* (5 November 1998) accessed online (9 May 2010).

⁸⁰ Holson; Martin Blaney, “Sony Reveals Second German Project After *Friendship!* Success,” (19 January 2010) <http://www.screendaily.com/news/production/europe/sony-reveals-second-german-project-after-friendship-success/5009773.article> accessed online (18 April 2011).

⁸¹ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Espanolas, interview by author, 17 January 2011, Madrid, España.

⁸² see Thomas Guback, Kristin Thompson, and Randal Johnson.

intended for wide release in a global market.⁸³ According to the former head of MPA Latin America, MPAA members' main concern was how to increase their 90 percent market share in the region. Instead of accomplishing this growth with their English-language content, Sony and its peers have adapted television and film distribution and production policies for this purpose. Sony conceives the LLP strategy as an opportunity to diversify their position in these markets through "a growing appetite" for local language films.⁸⁴ As one Fox International executive suggested, "The template for popular culture comes from Hollywood, but the interest is becoming more local. Either you say, 'We are going to protect what we know,' or you realize that the world is changing without you."⁸⁵ Many executives at Fox, Paramount, Sony, and so on see this move towards local language production as adapting to local audiences and tastes.

Significantly, SPE's executives claim not to follow a strict recipe or template for each LLP production no matter where it is produced. Sony becomes involved with local productions through acquisitions for distribution rights, development, and co-production deals depending on the local industry conditions, such as available tax incentives or policies. According to the former President of International Motion Picture Production Group, Deborah Schindler, "Sometimes we team up with local producers. Sometimes we

⁸³ Pflanner, accessed online; Leigh, accessed online.

⁸⁴ Leigh, accessed online.

⁸⁵ Holson, accessed online.

do it on our own.”⁸⁶ Many times, Sony’s local offices hire individuals from within the local industry for their on-the-ground knowledge and professional relationships. This insider knowledge helps with identifying material and developing partnerships that work within the cultural and economic context for a particular market.⁸⁷

A local language operation begins with Sony establishing a subsidiary territory in a city such as Hong Kong or Madrid or expanding operations in a distribution office such as São Paulo that already has staff and a brick-and-mortar location. While Sony appears to choose national or regional markets where it has some familiarity or previous operations, it tends to establish LLP operations first in large national markets within each geographical region. Most industrial accounts locate Germany as the first location for an official Sony LLP operation beginning in 1998.⁸⁸ Deutsche Columbia TriStar made a deal with the Brandenburg state government in Germany to co-produce film, television, and other media projects. Sony planned to make two to three local language pictures a year ranging in budget from \$2.5 to \$4.5 million each in an effort to “work with the [German] industry to double the turnover of German films to make them not just successful in Germany, but also to expand the market to cross European borders in production and distribution.”⁸⁹

⁸⁶ Swart, accessed online.

⁸⁷ *ibid.*

⁸⁸ Lucian Kim, “Babelsberg: Germany’s Tinseltown,” *Wall Street Journal Europe* (20 March 1998) accessed online (24 May 2010).

⁸⁹ Eric Hansen and Cathy Dunkley, “SPE Makes Mark In Germany,” *Hollywood Reporter* (13 February 1998) accessed online (29 April 2010).

Within a few months of the German operations announcement, Sony established Columbia Pictures Film Production Asia located in Hong Kong.⁹⁰ According to former SPE chairman John Calley, “By creating a production company in Asia, we increase Sony Pictures’ global production capacity and take another step in our overall strategy of producing (movies) in key markets around the world.”⁹¹ The first credited success of Sony’s LLP strategy was *Crouching Tiger, Hidden Dragon* (1999, dir. Ang Lee). A transnational Chinese language film co-produced by Sony’s Asian operation and released by Sony Pictures Classics, *Crouching Tiger* grossed over \$209 million worldwide and became known as the “brass ring” for LLPs due to its successful widespread release out of its cultural linguistic region. The film is credited with igniting widespread “ambitions in the world of local-language production.”⁹²

Mapping a chronological timeline for the development and expansion of the LLP strategy is a challenging and untidy task. The interviews I conducted and the findings presented in the following chapters contradict the trade history of Sony and the LLP. Sony began co-producing films from its operation in Brazil by the mid-1990s, a few years earlier than the reported “first” local production operations in Germany. Thus, this strategy does not automatically originate from at one specific moment or in one particular location. Moreover, instead of a linear journey across the globe, Sony’s movement into

⁹⁰ “Sony Pictures Unveils Moviemaking Unit In Asia,” *Reuters* (28 September 1998) accessed online (18 May 2010).

⁹¹ *ibid.*

⁹² LaPorte, accessed online.

LLP operations appears to be occurring almost simultaneously across areas Sony defined as “key markets.”

Sony’s LLP strategy is to choose a large film market in a diverse geographical region, establish a central Sony LLP operation, and then expand to other markets within that region with other linguistic operations. For example, from Hong Kong and successful motion pictures like *Crouching Tiger, Hidden Dragon*, Sony has expanded into co-productions within East Asia, Southeast Asia, and, more recently, the Middle East. Sony co-produced and released the 2007 Indian film, *Saawariya*, and thus is credited as the first North American company to release a Bollywood film.⁹³ In the past decade, Sony has moved throughout Europe, Asia, and Latin America operations into locations such as United Kingdom, Spain, Russia, India, Australia, and Mexico.⁹⁴

Why Localize?

One of the main questions of this project is: why would a company like Sony undertake a wide-scale LLP strategy, both geographically and across SPE’s divisions? In other words, what are the main reasons beyond the typical public relations sound bites about discovering new talent or exercising “international goodwill”?⁹⁵ Consider the

⁹³ Aseem Chhabra, “From Bollywood To Chinatown: Warner Bros. Teams With India For *Chandni Chowk* Martial-arts Musical,” *Film Journal International* (14 January 2009) accessed online (15 April 2011).

⁹⁴ Pflanner, accessed online; Namrata Joshi, “Hari Meets Sally” *Outlook* (7 November 2005) accessed online (1 May 2010); Holson, accessed online.

⁹⁵ Nicole LaPorte, “Local Pix Pique H’wood,” *Variety* (12 September 2004) accessed online (25 April 2010).

context of the 2000s and several factors are at play. From a macro-level, Hy Hollinger points to larger “forces of globalization, new technology, industrialization, and free trade.”⁹⁶ More specifically, accounts point to declining domestic box office against increasing international profits and the cost effectiveness of LLPs. Increased international operations reflect major economic shifts in the global film industry, particularly with big transnational corporations such as Sony scrambling to makeup for overall flat corporate earnings due to the economic recession and declining consumer electronics sales in the late 2000s.⁹⁷ At the same time, non-U.S. markets have become a central profit center in recent decades. In 1999, John Calley cited an increased importance of the international market. In the 1970s, “you got 30 percent of your income from international [as compared to domestic]. Now it’s almost reverse.”⁹⁸ Since the 1980s, gross profit from international markets has steadily increased. According to a 2010 Motion Picture Association of America report on theatrical statistics, international or foreign box office returns make 67 percent or \$21.2 billion of its members’ earnings, whereas domestic (U.S. and Canada) consists only of 33 percent or \$10.6 billion.

Part of this growth, particularly in Asia, Eastern Europe, and Latin America, is due to the continued expansion of movie screens and increased theatrical audience attendance throughout these regions. Director of Paramount Pictures Latin American,

⁹⁶ Hollinger, accessed online.

⁹⁷ Daisuke Wakabayashi, “Sony Eyes Return to Profit,” *Wall Street Journal online* (14 May 2010) accessed online (31 May 2010).

⁹⁸ Rose, accessed online.

Jorge Peregrino, suggests these regions have growth potential “in terms of infrastructure and construction of cinemas.” In the case of Latin America, the total number of movie screens has doubled between 2000 and 2010 from 6000 to 12,000 screens. With an annual box office of \$1.5 billion for the region, Peregrino connects LLPs to this growth potential since “we have a lot of space to grow. It is one of the few regions in the world that has potential to grow that fast...in Latin America. So the investment and the infrastructure is paying really well.”⁹⁹

Hollinger suggests “the major changes in the international marketplace, augmented by political and cultural pressure and a pool of top-notch local filmmaking talent, sees the majors turning to local language films to supplement their offshore box office income and help maintain their costly, worldwide distribution operations.”¹⁰⁰ Not surprisingly, the domestic and international box offices are not conceived of as separate but more as integrated, symbiotic units of the SPE media machine at best. Similar to the relationship between Latin American television satellite channels and Sony’s media content, Sony’s various domestic and international film divisions work to create complementary content. Whether they are producing films for a global or local audience, the LLP strategy assumes the production for one group supplements the production for the other. One of SPE’s former international production executives, Gareth Wigan described the new entrance of the LLP strategy into the Indian film industry through a

⁹⁹ Interview with Jorge Peregrino, VP Paramount Latin America, Rio de Janeiro, Brasil, August 25, 2010

¹⁰⁰ Hollinger, accessed online.

food metaphor; the Indian market is a meal of diverse choices with American films as dishes to compliment the Bollywood and other local cinema offerings already on the table.¹⁰¹ In areas like Latin America, English-language films have the dominant market share ranging from 85-90 percent. Yet local productions, or side dishes, such as Sony's *Chico Xavier* (2010, dir. Daniel Filho) earned over R\$25 million and 2.8 spectators or 2 *Filhos de Francisco* (2005, dir. Breno Silveira) with R\$36.7 and over 5 million spectators.

Another major reason cited for widespread investment in local productions is that comparatively they carry little financial risk. For example, Sony's recent co-production of *Chico Xavier* with Lereby and Globo Filmes cost \$12 million reais (US\$6.6 million today).¹⁰² Local productions typically are less expensive than the average mid-range English-language film budget that in 2010 ranges from \$45 to 60 million for production costs or before prints and advertising (P&A). In addition to theatrical release, DVD and broadcasting help these films achieve further local profitability and visibility.¹⁰³ Since these films are intended for limited audiences, they require not only less money on the front-end but also less for P&A, distribution, and exhibition costs. Furthermore, local tax incentives can help cushion costs through tax breaks for investing in local productions

¹⁰¹ Anand Giridharadas, "Bollywood Fare From Hollywood," *Business Times Singapore* (9 August 2007) accessed online (21 April 2010).

¹⁰² "Filme sobre Chico Xavier chega a 3 milhões de espectadores" *Estadao.com.br* (6 maio 2010) accessed 1 June 2010.

¹⁰³ LaPorte, accessed online.

where the only “real” investment or loss for Sony is P&A.¹⁰⁴ In the past two decades, numerous countries from Ireland to Mexico have passed aggressive local tax incentives to attract film productions and investments. As will be discussed in Chapter Four, tax incentives have been a deciding factor for establishing LLP operations in major Latin American markets, particularly in Brazil, allowing the local office an unprecedented amount of creative and financial autonomy.

Yet, this strategy is not fool proof considering that not all LLPs, or any film for that matter, operate or perform as hoped, particularly when moving into markets with strong national or regional film industries such as India.¹⁰⁵ After all, Sony learned that lesson in the early days of SPE. Additional challenges include complicated local tax codes and distribution rights. The home language markets, audiences, and, consequently, profits for these films are small. While one of Sony’s tentpole pictures may be released widely in about 3,700 U.S. screens, venues are limited in markets such as Russia, Brazil, and Mexico. For example, a “big” opening for a LLP in Brazil is 200 to 400 theaters, or 150 to 250 in Spain, and the film may only stay in the theater for a few weeks to a month.¹⁰⁶ Initially, the distribution model focusing on limited, domestic releases was the design for the LLP strategy. Sony’s LLPs were intended to complete but compliment

¹⁰⁴ Rodrigo Saturnino, Sony do Brasil, interview by author, 15 September 2010, São Paulo, Brazil.

¹⁰⁵ “Hollywood Threatens Bollyland,” *The Times of India* (5 November 1998) accessed online (1 May 2010); Joshi, accessed online.

¹⁰⁶ Holson, accessed online; “Filme sobre Chico Xavier chega a 3 milhões de espectadores,” accessed online. However, the 2010 film *Tropa de Elite 2* pushing the boundaries of theatrical distribution with of release in 700 theaters; Ivan Losada, Sony Pictures Releasing Spain, interview by author, 18 January 2011, Madrid, España.

their English-language products. As discussed in Chapter Four and Five, market conditions changed in local territories, and Sony's international division and SPE executive begin to restructure the strategy and push LLPs to perform wider in the late 2000s.

Sony's Way: "Think Globally, Act Locally"

By analyzing the interviews, reports, and industry trades, the language used by Sony American film executives reveals how the company constructs or describes the LLP strategy and their position in the global film industry. One figure historically associated with the LLP vision was SPE chairman John Calley. Calley's installation as SPE CEO in 1996 is associated within internal corporate memory as pushing localization efforts. Iona de Macedo credits Calley with making "Think Globally, Act Locally" as Sony's production motto.¹⁰⁷ Another executive behind developing the wide-scale implementation of Sony LLP policy is Gareth Wigan. Wigan, who oversaw each territory and signed off on greenlighting, described his role with local Sony offices and partners as collaborative.¹⁰⁸ In general, most individuals working within local language productions describe Sony's position in each local territory as one of collaboration or partnership.

¹⁰⁷ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Espanolas, interview by author, 17 January 2011, Madrid, España.

¹⁰⁸ Gareth Wigan was the executive force behind Sony's international film production and LLP strategy from 1998 to 2008. He began his career as a MCA agent in the late 1950s and was an independent producer until joining Columbia Pictures in 1987 as a production consultant. In 1997, he became the co-vice

Furthermore, many employees with Sony and other transnational media companies discuss their LLP operations in terms of cultural immersion or localization. Executives describe spending time to become “fluent in each countries’ business practices” by working closely with local producers and filmmakers.¹⁰⁹ Because of this turn towards cultural investment, some executives argue their LLPs should be categorized and treated as part of local or national cinema. For example, a Fox international operations executive argued: “If we produce in the country of origin – in the language and culture of the country – we should be treated just like a local company . . . we should get the same benefits as a local producer.”¹¹⁰ Wigan saw Sony contributing and investing in local economies: “This is not Hollywood coming to work in Europe . . . [*Melissa P* (Spain/Italy, 2005, dir. Luca Guadagnino) or *Friendship!* (Germany, dir. Markus Goller, 2010)] are genuinely European films.”¹¹¹ In this comment, Wigan reflects the general views of most SPE international production executives.

Yet, there is a critical push against the massive size, scale, and powerful position of these media companies. Similar in tone to the American protectionist backlash Sony

chairman of the Columbia TriStar Motion Picture Group and head of the consolidated international operations, International Motion Picture Production Group, ten years later. SPE CEO Michael Lynton credits Wigan for “almost single-handedly” building Sony’s international film business and “making him a real pioneer in our industry. He recognized early on the power of the global market.” Due to Gareth Wigan’s passing in February 2010, I was unable to interview him for this project. However, I have been able to gather various trade interviews on his role in LLPs. Gareth Wigan obituary. *DeadlineHollywoodDaily.com*, (13 February 2010) accessed online (1 March 2010); Justin Kroll, “Gareth Wigan; CineAsia Visionary Of The Year,” *Variety* (5 December 2008) accessed online (15 May 2010); Holson, accessed online; “Sony Pictures Creates International Motion Picture Group,” accessed online.

¹⁰⁹ Leigh, accessed online.

¹¹⁰ Hollinger, accessed online.

¹¹¹ Pflanner, accessed online.

witnessed upon its Columbia purchase in 1989, the role of Sony executives (based both locally and in Culver City) with local producers is not always seen as collaborative relationship. Frank Rose regards the LLP strategy as the emergence of a new two-tier system in global filmmaking that largely benefits companies like Sony: “English is the language of the international blockbuster, but lower-budget pictures can be made in almost any language for the home market, and a few . . . will even become international hits. Hollywood, with its vast corporate resources, can call the shots in both tiers. All it has to learn is how not to reduce the world to cultural mush.”¹¹² International companies such as Sony, Warner Bros., Fox, and so on continue to dominate the global film market, adapting and producing transnationally and locally focused content. From a largely political economy and corporate institutional perspective, a two-tier system furthers Hollywood’s historically hegemonic position. From the point of view of media scholars such as Toby Miller and Robert McChesney, Sony’s growing resources, expanding locations, and changing international production and distribution policies continue to resemble earlier definitions of media imperialism.

Significantly, Hollywood executives echo the turn in academic debates by claiming that the local operations are, in effect, hybrid enterprises blending transnational operations with local partners.¹¹³ Specifically, Sony’s executives directly defend their

¹¹² Rose, accessed online.

¹¹³ I am utilizing Jan Nederveen Pieterse’s definition of hybridity functioning “as part of a power relationship between center and margin, hegemony and minority, and indicates a blurring, destabilization or

policies against claims of imperialism. Wigan argued: “We’re not carpetbaggers. Our goal is to put down roots and become part of the native talent pool and culture.”¹¹⁴ The former head of Sony’s international production division, Schindler acknowledges these concerns by largely defending their position: “Sure we’re coming into these territories from Hollywood, but we’re not going to impose Hollywood on them. It’s not the way [we] approach it.”¹¹⁵ Yet, in an attempt to marry the best of local “rich culture” with the “professionalism and the polish of Hollywood,” many executives arrogantly presume the lack of professionalism or “quality” available locally only can be developed by production companies working in Hollywood.¹¹⁶ As will be illustrated in the following chapters, Sony executives have to readjust from being the “don” or boss of the film to another collaborator. Although many readily acknowledge the resources and infrastructure available to this large-scale global organization, these discussions ignore the specifics of these producing relationships between a local Sony operation and independent partners. Additionally, claims of local hybridity completely gloss over a long history of distribution, financial resources, dominant position of English-language media, and other advantages held by these transnational film companies.¹¹⁷

subversion of the hierarchical relationship” assumed between the transnational media corporation and its local partners. Pieterse, *Globalization and Culture: Global Mélange* (Lanham: Rowman & Littlefield, 2004).

¹¹⁴ Leigh, accessed online.

¹¹⁵ Swart, accessed online.

¹¹⁶ Rose, accessed online.

¹¹⁷ Hollinger, accessed online.

One of the most direct discussions of Sony's LLP strategy emerged from CEO Michael Lynton's 2007 op-ed in *The Wall Street Journal*. Lynton questions the direct correlation between globalization and homogenization in order to defend Hollywood's role in diversifying global markets. He claims the globalization of the entertainment business evident in the international wide-release and box office success of Sony's film *Spiderman 3* (2007, dir. Sam Raimi) is not "turning the world into an American shopping mall" but instead "encouraging the proliferation of cultural diversity." Engaging in academic debates regarding media imperialism and globalization, Lynton contends "these are not signs of Hollywood's homogenizing effect on the world. They are signs of the world changing the way Hollywood works. It makes sense to marry our production, marketing, and distribution experience with the growing global appetite for entertainment tailor-made by and for a variety of cultures." He argues Sony's move towards adapting content to local markets is the proof of heterogeneous, mediated culture, whereas "Hollywood is not simply a place in Southern California. It is a symbol of an entertainment culture which is becoming as diverse as it is universal."¹¹⁸

Why is Sony conflated with Hollywood and its assumed position as the universal, every place? Lynton attempts to shape conversations about Sony's position in the ubiquitous "foreign" or "international" market that relate to academic theories of cultural

¹¹⁸ Michael Lynton, "Globalization and Cultural Diversity," *The Wall Street Journal* (5 September 2007) accessed online (10 April 2010).

discount to explain the international appeal of English-language films.¹¹⁹ While Lynton's opinion essay appears more as a public relations piece for Hollywood's foreign policy or expanding position abroad, it is loaded with academic language that echoes earlier debates discussed in the previous chapter. Essentially, Lynton is arguing against media imperialism and the idea of one-way flow of Hollywood products imposed on the rest of the world. Instead, he argues for local markets pushing back against Sony's presence and, in turn, altering its practices and content. However, this should be understood as SPE's constructed corporate language and discourse aimed at neutralizing criticism of Global Hollywood and its powerful position as a producer and distributor.

Throughout this chapter, I have noted that in discussing the LLP strategy, Lynton and other SPE executives fall back on the global/local dichotomy—Hollywood as global and Brazil/Germany/China/India as local—without acknowledging this problematic classification or the company's dominant historical presence. From Sony's corporate perspective, the development and the implementation of the LLP strategy is a streamlined, uncomplicated process of a major transnational film company entering and operating in various national and regional film industries. However, in examining two different Sony LLP operations, the location-specific situations are more complicated than the case of media imperialism or Global Hollywood as academic literature would suggest

¹¹⁹ The same year Lynton published his "Globalization and Cultural Diversity" piece, SPE consolidated its LLP operations under one division, International Motion Picture Production Group (IMPPG) and closed the Hong Kong and Spain offices. As the co-Chairman defended this localized strategy, his company is also in the process of dismantling and reorganizing it.

or the harmonious and equal partnerships as Sony executives would describe. As the following chapters will illustrate, Sony's local language production divisions do much to navigate and negotiate local conditions and cultural practices that differ greatly from region to region. As illustrated by industry discourse and extensive field research, many Sony do Brasil employees and local partners argue that both their bosses at SPE and local division have given up control and the process in Brazil has become a more blended, or what I am calling translocal, process. For the Spain LLP operation, Columbia Español, regional, national, and local pressures shape the LLP strategy differently. Yet, while my research suggests a process between transnational and local actors where power shifts and is negotiated back and forth. The Spain case also suggests a more hands-on, centralized relationship and a different negotiation process among Sony international division LA headquarters, the Madrid operation, and their local partners.

Conclusion

The goal of this chapter was to provide the institutional history and industrial context necessary to understand the development of Sony's LLP strategy. The pursuit of "all" markets through cross-media and cross-cultural expansion reflects the reimagining of Sony Pictures Entertainment in the 1990s and 2000s. Sony's transformation into a diverse hardware-software media company was largely driven by these global film and television operations. This chapter in no way can address all of the broad and multi-

layered strategies for expanding international operations during this period. Yet, three key examples of internationalization—the Columbia acquisition and “culture clash,” the move into Latin America television industries as a testing ground, and the development and implementation of the LLP strategy—offer an interrelated and complex picture of the globalization of a media corporation, their content, and imagined audiences. These three internationalization strategies are not only symptomatic of larger political, economic, technological and cultural shifts occurring across global media markets but also the corporate language, practices, and international expansion that come to characterize Sony’s international production and distribution operations post-1989.

In conclusion, I want to focus on three implications of Sony’s international operations that are addressed throughout this project. First, Sony’s focus on cross-media expansion reflects the convergence of film, television, and home entertainment as interconnected, particularly in the case of Latin American television industries. While television may be a different group than the film divisions under the SPE umbrella, this history of Sony provides a different perspective on the relationship between television and film and how they operate through some level of flexibility (or as I discuss below, various divisions also contradict each other). Creative staff, production strategies, and partnerships are mobile and interrelated in a way for which traditional film studies does

not account in the expansive, general histories of Sony's media divisions.¹²⁰ Furthermore, this cross-media emphasis reflects a larger industry-wide convergence of media companies, technology, and medium-specific production and distribution as will be illustrated by the role of television and home video in Sony's LLP operations in Brazil and Spain.

Second, the Sony Corporation through SPE aims to pursue all media in "all" markets. But what becomes clear from early in this pursuit is they do not actually mean all markets. At first Sony's international film and television operations focus on North America, Latin America, Europe, and parts of East Asia. In turn, this localizing production and distribution initiative ignores Africa, the Middle East, and Southeast Asia. Only by the late-2000s do LLP operations expand on a project-by-project basis to parts of the Middle East and India. It is important to acknowledge how Sony imagines "all" markets or global operations through mostly Westernized, developing world models. As this study of Sony's LLP strategy between the late-1990s and 2010 reveals a reimagining and refocusing of international audiences from a reliance on traditional, Western European markets to strategic attempts at capturing the growing economic markets in Brazil, Russia, India, and China. Represented as a regional category, BRIC, these four nations are positioned as the fastest growing economies and population. By the late

¹²⁰ An example of these film studies histories is Steve Neale and Murray Smith, eds. *Contemporary Hollywood Cinema* (London: Routledge, 1998) and Paul McDonald and Janet Wasko, eds. *The Contemporary Hollywood Film Industry*. (Malden: Blackwell, 2008) which construct Sony's media divisions and activities are discussed from the perspective of their U.S. offices and English-language products.

2000s, IMPPG restructured and shut down its LLP operations in Madrid and Hong Kong and, instead, refocused efforts on Brazil, Russia, and India.

Third, a problem with this corporate history, a largely U.S.-based corporate top-down approach, is how it creates a narrative of SPE expanding their localized production and distribution operations through collaborations in a variety of political, economic, and socio-cultural locations with some range of success. This traditional political economic perspective offers a historical trajectory for local language films, but it cannot account for the human factor, the messy creative and financial relationships that produce these products' media. I want to move beyond corporate sound bites of LLP strategy and understandings of Sony as a Japanese corporation or Hollywood film studio in order to understand how local industry conditions, partnerships, and internal politics create local language productions. From the "culture clash" of the Columbia acquisition or the abandoning of TV production in Latin America, conflicts and backlash in local markets at Sony's position in local media emerge. One of the central issues that addressed in my research is the varying definitions of local media inside Sony's diverse international operations and in their target markets.

In turn, I will implement a more expansive cultural studies approach around issues of power, negotiation, and agency of cultural workers in local industries. Moving beyond an institutional history, I conduct mid-level field research interviewing various media professionals working for and with Sony LLP operations in Latin America and

Europe. These two LLP locations serve as illustrative counterpoints of Sony's strategy. Sony do Brasil's local language productions succeeded as a translocal operation. Columbia Español's inability to negotiate regional and national pressures and conditions with the corporate strategy result failed for theoretically intriguing reasons. They must negotiate a shift from a one-size-fit-all distribution strategy to creating culturally specific content within shifting industrial conditions due to piracy and declining theatrical audiences. Furthermore, Columbia Español's local partners view this relationship and Sony's position in their local or regional industries from a collaborative to controlling partner. Local language productions are invoked and constructed in debates conflicting views of local cinema and culture between SPE's international production division headquarters in Los Angeles, specific LLP territory operations, and local producing and distributing partners.

A key layer of debates surrounding the LLP is varying definitions of local or national cinema. The discourse surrounding what defines or "counts" reflects larger issues debated by media scholars and government agencies for decades surrounding geographical boundaries of cultural industries. Part of the debates center on definitions of national cinema from where the money comes, what tax incentives are utilized, the home of cast and crew, production location, the cultural content, intended audience. If Sony is a Japanese company with American divisions and European or Latin American locations and employees, is Sony a local or international partner? Can Sony be both? As I will

explore from an on-the-ground perspective in the following two chapters, these distinctions drive many of the debates with Sony's partners regarding local language productions.

The following chapter will look at Sony's LLP entrance into the Brazilian cinema against the backdrop of an industry evolving from state to privately funded. An integrated circuit of political, economic, industrial, and cultural conditions effect Sony do Brasil's participation as co-production partner in Brazil. As I will discuss, particular local industry practices shape Sony do Brasil's LLP strategy. Brazilian producers and distributors view their position and partnership in relation to Sony do Brasil in making local language films from a variety of perspectives. Overall, what are the implications of this case for understanding broader trends at the transnational or comparative level?

Chapter 4

Sony do Brasil as Translocal Player: How Contemporary Brazilian Film Partnerships and Policies Shape LLPs

From favela films to romantic comedies, since the early 1990s a change in Brazilian audiovisual financing policies stimulated the national industry and led to an increase in transnational production and distribution partnerships. As the world's fifth largest country, Brazil has witnessed a series of transformations significantly over the past decade. The country of 200 million is one of the fastest growing economies with rising incomes, lower unemployment, an expanding middle class, and increasing foreign investment credited largely to the administration of President Luis Ignacio Lula da Silva (2003 - 2009).¹ In the midst of this growth, the Brazilian film industry has undergone a pivotal restructuring from a nationally focused, state-supported enterprise up until 1990 to a more globalized and commercialized, incentive-driven system over the following decades. Within this contemporary national cinema, distinct production and distribution models have emerged and are structured around a geographically complex network of actors, institutions, practices, and policies. Various competing and partnering institutions and agencies participate in film production ranging from the *prefeitura* (municipal) mixed-public/private enterprise Rio Filme and national regulatory and financial agency ANCINE to local distribution company Downtown Filmes and transnational corporation

¹ Elaine Guerini, "The Land of Promise," *Screen International* (5 August 2010) accessed online (15 January 2011).

Sony Pictures Entertainment. The combination of these various agents complicates contemporary notions of local co-productions and the position of the various trans/national players involved.

Sony do Brasil is one of the key institutions actively involved in film investment since this 1990s rebirth or *retomada*. It also operates as one of the earliest and most significant market examples of Sony's local language production strategy, a development often absent from the English-language trade paper accounts. Sony do Brasil existed previously in the form of Columbia Pictures do Brasil. While Columbia maintained a historical position partnering with local companies to produce projects since the 1950s, significantly, this national industry also represents one of Sony's earliest and most successful markets for the LLP strategy after the 1989 corporate acquisition of Columbia.² As my historical overview will illustrate, today Sony do Brasil includes the distribution division Columbia that allows it to maintain a systematic and strategic position in the local industry. Expanded largely to take advantage of the shift in national audiovisual policy and flood of productions released since the mid-1990s, Sony do Brasil actively invests in two to three local language productions per year. While two to four LLPs per year is a typical production slate for their peers such as Warner Bros. or Fox, Sony do Brasil's project consistently place in the top grossing Brazilian films each year.

² In this chapter, I will make a distinction between the Brazilian companies Columbia and Sony as reflective of the 1989 merger. Columbia = pre-1989, Sony do Brasil = post-1989, Sony/Columbia = long-term historical position in Brazil.

However, this is not merely a one-sided retelling from the perspective of the transnational media company looking to expand its business vis-à-vis larger forces of globalization such as commercialization, privatization, and conglomeration. As outlined in earlier chapters, traditional media industry and political economy literature such as media imperialism and *Global Hollywood* would predict two scenarios: 1) Sony do Brasil follows a global corporate strategy for LLPs spanning from East Asia to Latin America alluding to the power and direct management of Sony corporate over its local operations, and 2) the historically dominant position, bargaining power, and corporate resources of a media conglomerate would allow Sony do Brasil to have the controlling or loudest voice in any local partnership. Although global forces clearly have helped to shape this local film industry, a macro-level perspective leaves little room for “local-to-local articulations” of human agency, dissonance, or resistance.³

My mid-level fieldwork reveals Sony operating as translocal in a more complicated and contradictory situation than predicted.⁴ Borrowed from Timothy Havens, Amanda D. Lotz, and Serra Tinic, my mid-level work emphasizes industry analyses that examine the “complex interactions” across cultural and economic forces and the business culture of media industries. In order understand the complex nature of media conglomerates, this type of research encompasses field research and interviews

³ Patrick Murphy and Marwan Kraidy, eds. *Global Media Studies: Ethnographic Perspectives*. (New York: Routledge, 2003): 304.

⁴ Timothy Havens, Amanda D. Lotz, and Serra Tinic, “Critical Media Industry Studies: A Research Approach,” *Communication, Culture & Critique* 2 (2009): 237.

speaking with executives and creative workers about their activities and how they internalize and negotiate institutional discourses and strategies.⁵ By examining the executives and cultural works responsible for producing Brazilian LLPs, a different perspective of a transnational media company working with local partners emerges. In this current co-production system Sony do Brasil participates less as a direct agent of policies enforced from Sony Pictures in the United States and more as quasi-autonomous local subsidiary and distribution partner within Brazilian cinema.

The goal of this chapter is to consider the position and partnerships of Sony do Brasil within the context of a changing trans/national industry. How do the partnerships between Sony and local actors operate? Is Sony importing Hollywood production and distribution models or is it adapting to Brazilian industry models? What is Sony's strategy for investing in Brazilian co-productions? How does creative agency function in relation to financing? How do the local producers think about these projects? This is not a story of merely media imperialism or even the forceful interfering hand of a media conglomerate guiding local operations. Instead what emerges is a distinct production and distribution mentality shaped by a complex history and network of trans/national partnerships and negotiations.

In order to understand the impetus behind the current incentive-based, market-driven industry attracting transnational partners, in the first section I describe the

⁵ *ibid.*, 247.

historical context behind Brazilian cinema and the historical position of Sony/Columbia. I briefly will trace the evolution of the Brazilian film industry since the 1920s vis-à-vis Sony/Columbia's participation. This includes the policies, mechanisms, and institutions key in the evolution, decline, rebirth, and commercialization of Brazilian cinema and the industry and local government's position on international partnerships over time. On the one hand, the industry experiences periods from protectionist policies and developmental discourse to open encouragement and incentivizing of international partners. All of these cycles have come to shape the current industrial climate. On the other hand, a notable transformation has occurred since the early 1990s due to larger political economic forces of globalization and significant institutional pressure by inside trans/national actors. Brazilian local language productions represent the current globalized state of media industries when so-called national media productions consist of various partners across city, state, national, and transnational spaces.

The core of this chapter focuses on the contemporary production and distribution patterns and practices of these local language co-productions based on my interviews, fieldwork, and archival research in Rio de Janeiro and São Paulo. By speaking with local producers, distributors, and government policymakers as well as directors of local operations of transnational media companies such as Sony do Brasil (or "*os majors*" / the major studios as they are known in Brazil) and the former head of the MPA Latin America, I investigated the daily, on-the-ground realities and complexities of co-

production relationships by speaking with the various actors involved in the co-productions *Chico Xavier* (2010, dir. Daniel Filho), *5xs Favela: Agora Por Nós Memos* (2010, dir. Carlos Diegues), and *Lope* (2010, dir. Andrucha Waddington). These filmic examples demonstrate the processes and thinking related to raising funds, marketing practices, and attracting national audiences. The most salient discourses I found emerge around Brazilian blockbuster vs. international art cinema, authorial vs. “popular” commercial projects, local vs. international funding sources, creative agency and decision-making, and growing national popular audiences.

I did not find Brazilian production and distribution operating in a cohesive cultural linguistic region or Ibero-America media market. Although there are funding mechanisms and organizations such as IBERMEDIA and nation-to-nation co-production treaties, Sony do Brasil does not utilize these resources. Instead it conceptualizes Brazilian cinema within traditional national boundaries. A production mentality emerges around the idea of “Brazil as different” or “Brazil as complicated” in relation to other trans/national industries and partnerships as well as the distinct nature of negotiations and creative agency. Yet, the internationalization of distribution and exhibition systems reveals the continued controversial position of key financial policies and privileging of Sony do Brasil and other MPA members. In turn, what my research concludes is that Sony do Brasil operates in a national audiovisual market driven by competing and

contradictory practices, policies, and systems that suggests shifting notions of power, decision-making objectives, and trans/national cultural industries.

Sony developed the LLP as part of a global strategy and the Brazilian operation functions *translocally* balancing between a local partner and transnational entity. I am adapting the term from Patrick Murphy and Marwan Kraidy's definition that calls for a comprehension of the "articulation of the global with the local."⁶ This not only demonstrates the disjunctive and contradictory nature of the media conglomerate but also the interwoven, complex nature of the contemporary trans/national filmmaking processes and the arguably historically both globalized and national nature of the Brazilian film industry.

BRAZILIAN FILM INDUSTRY: A TRANS/NATIONAL HISTORY

During the early 1990s, state-supported film mechanisms were removed and film production decreased to zero. After a restructuring the financial system and a supported, booming production culture known as the *retomada* or rebirth, which I discuss later in this section, the Brazilian film industry produced from thirty to fifty films annually by the mid-1990s. Today, with a healthy economy and growing local film audiences and theatrical spaces, the Brazilian industry produced 135 films in 2010 in relation to the 374 films imported and released. Brazilian films captured twenty percent of the theatrical

⁶ Murphy & Kraidy, 304.

market share in 2010. Furthermore, 154 of those films belonged to MPAA film studios such as Sony, Warner Bros., and Fox, or “*os majors*” as they are called within the industry, with thirty of those films Brazilian co-productions. It is important to note that English-language films distributed in Brazil by Sony such as *The Karate Kid* (2010, dir. Harald Zwart) or *Eat, Pray, Love* (2010, dir. Ryan Murphy) dominate their release slate in terms of gross profits and showing in 400-250 screens, an average two million spectators, and \$R17 million gross. While the majors distribute less than half of the motion pictures released in Brazil, Sony and its peers capture an annual market share of 80 to 90 percent. However, the market for Sony’s and other *os majors* local language production is expanding. LLPs such as Sony’s *Chico Xavier* (2010, dir. Daniel Filho) or Fox’s *Nosso Lar* (2010, dir. Wagner de Assis) are released in more screens (400-450 screens as opposed to previous 200-250 screen standard of the 2000s), capturing larger audiences (three to four million per picture), and higher ticket returns (R\$30-36 million). Although 2010 proved to be a strong year for Brazilian theatrical releases, in some cases, Sony do Brasil’s LLPs out perform its English language content as illustrated above.

A major difference for Sony’s LLPs in the Brazilian market is the emphasis on theatrical returns over home entertainment. In fact, due to the high cost of DVDs, cable, and satellite for consumers as well as high levels of physical and online piracy, there is not a major ancillary market in Brazil. Even with most DVDs rented not purchased, the rental sector has dwindled with DVD rentals decreasing by 60 percent between 2006 and

2009. Furthermore, because piracy is a major issue with more than 59 percent of DVDs are pirated copies.⁷ Due to the lack of DVD markets, one independent distributor suggests the necessity of relying on popular genres and big stars to guarantee a successful opening weekend: “Now we have to do better theatrically, which has made us bet more and more on the genres that really work at cinemas.”⁸

Not surprisingly, the success of a Brazilian LLP is determined theatrically and movie-going audiences are growing due to improved economic conditions as well as more theaters are built in mid-sized cities and rural areas and the number of theaters, and screens, is increasing. The average audience member historically has been relegated to the upper-middle and upper classes due to the high price of admissions (R\$8-10) and concentration of theaters in urban centers such as Rio de Janeiro, São Paulo, and Brasília. In the late-2000s, movie-going demographics have shifted to include a wider socio-economic and geographical diversity. While Brazil is still one of the most under-screened film markets in the world, by 2011, the number of screens totaled 2,200 with an estimated 250 additional screens to open by the end of 2012.⁹ In turn, as the Brazilian film audience has grown in the past two decades so has the demand for more feature length motion picture releases within the theatrical market. According to the Senior Vice President of Sony Pictures International Releasing, Steve O’Dell:

⁷ Guerini, “The Land of the Promise,” accessed online.

⁸ *ibid.*

⁹ Elaine Guerini, “Brazilian Cinema Boom to Follow Shopping Mall Growth,” *Screen International* (28 June 2011) accessed online (7 July 2011).

Brazil is one of the markets in the world with the most promise for growth for our industry. If this growth successfully reaches more economic classes, which right now can't afford to go to the cinema — and we're talking about tens of millions of people — we could see incredible growth and bring entire new audiences back to the movies.¹⁰

One strategy to meet this growing demand for local content has been Sony do Brasil's local language production strategy.

Located in the media capital São Paulo, Sony do Brasil consists of a general manager and three director-run divisions: theatrical, home entertainment, and television. Sony has been one of the most prominent co-producers and distributors since the 1990s production boom or *retomada*. Until 1999, Sony do Brasil was the only MPAA studio co-producing local language films. By the early 2000s, Sony invested in more than half of the popular and commercially successful films including *Deus é brasileiro* (2003, dir. Diegues), *Carandiru* (2003, dir. Hector Babenco), *Cazuza* (2004, dir. Sandra Werneck), and *Dois Filhos de Francisco* (2005, dir. Breno Silveira).¹¹ In 2004, Sony do Brasil made over 45 percent of its revenue from local productions, which today includes an average of three productions per year. In order to invest in a new project, all three divisions have to approve the script while the executives in the New York City and Culver City international production division offices approve the prints and advertising budget.¹²

¹⁰ Guerini, accessed online.

¹¹ MPA Brasil, accessed online (1 December 2009) <http://www.mpaal.org.br/br/filmes.htm>

¹² Sony do Brasil and Buena Vista International are a joint venture. While they share the same director, Rodrigo Braga Saturnino, employees, and the same office, the two business are completely separate; Jorge Peregrino, Paramount, interview by author; Rodrigo Saturnino, Sony do Brasil, interview by author, 15 September 2010, São Paulo, Brazil.

Although it is following the parent company's local co-production strategy, Sony do Brasil calls itself a Brazilian, not an American, company.¹³ It focuses on co-producing solely for the Brazilian market, working with established or new talent, and searching for the next local blockbuster.¹⁴

The history of state policies and the industrial climate in the past century facilitated Sony/Columbia's entrance and encouraged participation in local productions. One of the goals of this chapter is to illustrate how the relationship between international partners such as Sony/Columbia and local producers, distributors, and policymakers is more complex than often depicted and reveals shifting or contradictory motivations within the Brazilian film industry. It is vital to outline earlier debates and criticism in order to locate their reappearance during the 1990s *retomada* and drive to "restructure" the film industry.

According Randal Johnson, historically "Brazilian cinema, even without direct government protection or intervention, [has been] in many ways dependent on or shaped by the state and its policies."¹⁵ Since the creation of the first federal law to protect national cinema in 1932, the government has facilitated film production through developmental and protectionist policies in an effort to develop a sustainable film

¹³ Rodrigo Saturnino, Sony do Brasil, interview by author.

¹⁴ The current structure of Sony do Brasil consists of one General Manager (Rodrigo Saturnino Braga) and three division heads: theatrical (Eloisa Winther), home entertainment (Wilson Cabral) and television (Dorien Sutherland). During the interview process, I was able to speak with Saturnino and Winther.

¹⁵ Randal Johnson, *The Film Industry in Brazil: Culture and the State* (Pittsburgh: University of Pittsburgh Press, 1987): 10.

industry and culture. As early as the beginning of the Getulio Vargas administration (1930-1954), the state has worked to stimulate music, film, and the arts as a way of shaping a cohesive national culture and identity.¹⁶ Many of these policies have been presented as a reaction against the dominant presence of American film companies and culture.¹⁷ By 1929, Columbia Pictures already had a strong distribution presence and market share because of the international distribution of its English-language films.¹⁸ According to the film scholars and local Sony employees I interviewed, Sony/Columbia's long-term presence in Brazilian cinema production and distribution is something often overlooked when talking about contemporary LLPs and was a surprising discovery in the research process.¹⁹

In the late 1940s, a São Paulo-based group formed the Vera Cruz studio. By adopting a studio model similar to MGM, they hoped to create a system to produce quality films to rival Hollywood.²⁰ In partnership with Vera Cruz, Columbia Pictures and Universal Pictures distributed projects such as the internationally acclaimed *O Cangaceiro* (*The Bandit of Brazil*, 1953, dir. Lima Barreto).²¹ Not surprisingly, many

¹⁶ Examples include samba and popular *chanchada* musical films in this cultural policy. See Hermano Viana, *The Mystery of Samba*, Translated by John Charles Chasteen (Chapel Hill, NC: University of North Carolina Press, 1999).

¹⁷ Melina Izar Marson, *Cinema e Políticas de Estado* (São Paulo: Escrituras, 2009): 13.

¹⁸ Randal Johnson and Robert Stam, eds. *Brazilian Cinema*, 2nd edition. (New York: Columbia University Press, 1995): 36.

¹⁹ Professor Anita Sims, UNESP, interview by author, 13 September 2010, São Paulo, Brazil. Rodrigo Saturnino, Sony do Brasil, interview by author, 15 September 2010, São Paulo, Brazil.

²⁰ *ibid*, 27-29.

²¹ Johnson, 62.

Brazilian filmmakers and critics including Nelson Pereira dos Santos criticized the American companies' relationship with the Brazilian studio. Pereira dos Santos claimed that a company like Columbia "has in its hands a Brazilian Hollywood that produces films in its [Hollywood's] interests, at low cost, and in the country's language, which makes them all the more efficient."²² According to the current Sony do Brasil general manager, one of the reasons Columbia entered into these partnerships was due to the "cota de tela" or screen quotas at the time, requiring that one local feature receive theatrical release for every eight foreign films each year.²³ Screen quotas have long been a protectionist policy in Brazil to balance the screen time given to Brazilian and foreign films in theatrical distribution. These quotas have ranged from a 1:1 ratio in 1932 to a minimum of 140 days per year of Brazilian films' exhibition in 1980.²⁴

The Vera Cruz project ultimately was unsustainable due to an overreaching strategy to conquer simultaneously both the domestic and international markets. This commercial filmmaking model was difficult for one studio to sustain without a strong economic infrastructure and distribution system.²⁵ Between the 1950s and 1960s, the government created a variety of evolving and revolving national organizations such as Grupo Executivo da Indústria Cinematográfica (GEICINE, 1961-1966) and the Instituto

²² *ibid*, 68; Alessandra Meleiro, ed. *Cinema e Mercado* "O pensamento industrial cinematográfico brasileiro, by Arthur Autran (Escrituras: São Paulo, 2009): 18.

²³ Rodrigo Saturnino, Sony do Brasil, interview by author, 15 September 2010, São Paulo, Brazil.

²⁴ Johnson, 185.

²⁵ Johnson and Stam, 28-9.

Nacional do Cinema (INC, 1966-1975) to stimulate national film production. Similar to the import substitution model created to support the national automobile and agricultural industries, the programs were based on the developmental ideologies popular with Latin American governments at the time. During the period, economist and future president Fernando Henrique Cardoso championed development as a strategy to strengthen the economy of the modern nation. He believed potential development strategies such as import substitution would drive “the progress of production forces, mainly through the import of technology, capital accumulation, penetration of local economies by foreign enterprise, increase in numbers of wage-earning groups and intensification of social division of labor.”²⁶ By stimulating and developing national industries internally, Cardoso believed in breaking Brazil’s cycle of dependence on the United States and Europe.

During this period, the GEICINE and later INC set up film production financing that allowed foreign distributors to invest “income tax on profit derived from the exhibition of foreign films . . . to be used in the co-production of national films.”²⁷ Although there was widespread opposition to this financing scheme by the Brazilian filmmaking community, foreign distributors set up co-production partnerships that later became a key resource for Cinema Novo directors. For example, Columbia Pictures do

²⁶ Fernando Henrique Cardoso, *Dependency and Development in Latin America* Translated by Marjory Mattingly Urquidí Berkeley, University of California Press, 1979): xxiv.

²⁷ Johnson, 112.

Brasil and Screen Gems do Brasil co-produced Arnaldo Jabor's first feature-length film, *Pindorama* (1970).²⁸ Significantly, Cinema Novo began as an oppositional political movement against Brazilian commercial cinema and Hollywood's dominant influence over aesthetics, narrative structure, and distribution models.²⁹ The film movement championed New Wave aesthetics and realism and focused on urban and rural stories of poverty, struggle, and hardship.

The country experienced a coup and entered a military dictatorship lasting from 1964 to 1985. Any type of dissent or criticism led to intense censorship, arrest, and exile of filmmakers, musicians, or activists. Yet, the military regime invested heavily in cultural programs such as national cinema programs. In 1969, the government created the "mixed-owned enterprise" Empresa Brasileira de Filmes (Embrafilme) that eventually replaced earlier co-production and incentive-based systems by 1975.³⁰ For the first time, "the government became an active agent and productive force in the industry."³¹ Initially focused on distribution, Embrafilme began directly to invest in productions and, in a few

²⁸ Rodrigo Saturnino, Sony do Brasil, interview by author.

²⁹ According to Robert Stam and Randal Johnson, Cinema Novo evolved through specific phases: "each corresponding to a specific period of Brazilian political life. After a preparatory period running roughly from 1954 to 1960, we see three main phases: a first phase going from 1960 to 1964, the date of the first *coup d'etat*; from 1964 to 1968, the date of the second coup, within-the-coup; and from 1963 to 1972. After 1972, it becomes increasingly difficult to speak of Cinema Novo; one must speak, rather, of Brazilian Cinema. This latter period is marked by esthetic pluralism under the auspices of the state organ Embrafilme. While such *a posteriori* divisions are artificial and problematic, they are also broadly useful, because they illustrate the inseparable connection between political struggle and cultural production."

Robert Stam and Randal Johnson, "Brazil Renaissance, Introduction Beyond Cinema Novo," *Jump Cut* no. 21 (Nov. 1979): 13-18 accessed online (22 May 2011).

³⁰ Johnson & Stam, 368.

³¹ Johnson, 137-8.

cases, provided 100 percent of the production budget. At its height, the enterprise produced 80 to 100 films per year and garnered a market share of 35 percent.³² However, filmmakers, industrial accounts, and general public opinion criticized Embrafilme as a clientele system with a financing focus more on artistic rather than commercial projects for a wider audience.³³ It was difficult for anyone but established and/or Cinema Novo or Embrafilme era filmmakers such as Carlos Diegues and Bruno Barreto to receive funding. Much of the financing schemes, production mentality, negotiation styles, and professional relationships developed during the Embrafilme era would have a direct impact on the industry in the 1990s and 2000s.³⁴ The filmmaker's creative autonomy under this system remains an industry standard as will be discussed in the following section. The relationships among Brazilian policymakers, producers, and distributors in this system created during this period are maintained in the current film industry. This is because many professionals working for and running Embrafilme would later go on to become the heads of the current national film agency, Sony do Brasil, and so on.

Beginning in the 1980s, Western international pressure towards neoliberal economic policies and free trade coincided with high unemployment and inflation in

³² Alessandra Meleiro, ed. *Cinema e Mercado* "Políticas públicas federais de apoio à indústria cinematográfica brasileira," ed. João Paulo Rodrigues Matta (Escrituras: São Paulo, 2009): 43-4.

³³ Marson, 13.

³⁴ Rodrigo Saturnino, Sony do Brasil, interview by author; Jorge Peregrino, Paramount Pictures, interview by author, 25 August 2010, Rio de Janeiro, Brazil; Bruno Wainer, Downtown Filmes, interview by author, 9 September 2010, Rio de Janeiro, Brazil

Brazil.³⁵ Declining resources and profits plagued Embrafilme amidst larger inter/national political economic trends of deregulation and privatization sweeping Latin America. Carolin Overhoff Ferreira describes how President Collor in 1990 “immediately implemented a plan to modernize the Brazilian economy according to the neo-liberal recipe of global capitalism . . . [which] resulted in mass unemployment, the temporary freezing of salaries and savings, and the extinction of foundations and public companies.”³⁶ In turn, the Collor government dismantled the state film enterprise in 1990 as part of widespread cuts to state-supported cultural policies. His administration treated cultural programs such as Embrafilme as a ‘problem for the market’ to solve and not the government.³⁷

In retrospect, what happened next has been named *o colapso* (the collapse).

According to the former Audiovisual Secretary, José Álvaro Moisés:

the entire Brazilian film production and distribution support fell apart . . . as a result, Brazilian films, which had one third of the market share in the 1970s, only managed 0.5 per cent of the market in the early 1990s, leaving behind a vacuum which was quickly filled by a more competitive alternative product, namely American cinema.³⁸

Without a centralized funding or distribution scheme to replace it, national film production fell to three films in 1992 and nine films in 1993. Of the 1,186 films released

³⁵ Randal Johnson, “Film Policy in Latin America,” *Film Policy: International, National and Regional Perspectives* ed. Albert Moran (London: Routledge, 1996): 140.

³⁶ Carolin Overhoff Ferreira, “The Limits of Luso-Brazilian Brotherhood: Fortress Europe in the Film *Foreign Land*,” *Third Text* 20:6 (November 2006): 734.

³⁷ Marson, 17.

³⁸ José Álvaro Moisés, “A New Policy for Brazilian Cinema,” *The New Brazilian Cinema* ed. Lúcia Nagig (London: I.B. Taurus, 2003): 7.

in Brazil between 1990 and 1993, only 29 produced locally.³⁹ This mobilized the film community including Marco Altberg, the former head of Embrafilme, to pressure the state for alternatives to foster local film production and distribution.⁴⁰

Between 1991 and 1993, the Congress passed two key pieces of legislation to alleviate the audiovisual funding problems: Lei Rouanet (Lei Federal no. 8.313/91) and Lei do Audiovisual [Audiovisual Law] (Lei Federal no. 8.685/93).⁴¹ While the Rouanet Law functions primarily as a mechanism for corporate sponsorship, the Audiovisual Law Articles 3 and 3A operate as mechanisms of investment or co-production as outlined below.

Mechanism	Article	Function	Company Example
Lei Rouanet		patrocínio: corporate or individual sponsorship	Petrobras, Banco do Brasil, Correios
Lei do Audiovisual	1	investment or co-productions: active participation and logo promotion	Petrobras, state governments, Bradesco
	1A	patrocínio or sponsorship: exchange income tax for image promotion	Petrobras, Banco do Brasil, TAM
	3	investment or co-productions: allows for withholding tax to be invested in films	Sony do Brasil, Buena Vista, Warner Bros., Universal, Fox, Paramount

Fig. 4.1 Brazilian Film Financing Mechanisms, Early 1990s

³⁹ Rêgo, 86.

⁴⁰ Marson, 11; Isabel Vincent, "Brazil's Cameras Are Rolling Again," *The Globe and Mail* C15 (4 May 1996).

⁴¹ ANCINE, interview by author, 11 September 2010, Rio de Janeiro, Brazil.

A number of producers, distributors, academics, and government professionals credit these tax-based incentive mechanisms for stimulating a mid-1990s cycle of film productions known as the *retomada*.⁴² The *retomada* does not refer to an organized movement by filmmakers or a new visual style as in the case of Cinema Novo.⁴³ Instead, it describes the rebirth of the market between 1994 and 1998. The result is a steady increase of local productions from seven films in 1994 to eleven, twenty-one, twenty-two, and thirty-three films released the following four years, respectively. Reflecting a significant increase in audience numbers for national cinema and increased attention in international film festivals, films produced during the early part of the *retomada* include *Carlota Joaquina: princesa do Brasil* (1994, dir. Carla Camurati), *O Quatrilho* (1995, dir. Fábio Barreto), *Tieta do Agreste* (1996, dir. Carlos Diegues), *O que é isso, companheiro?* (1997, dir. Bruno Barreto), and *Central do Brasil* (1998, dir. Walter Salles).⁴⁴ Sony do Brasil participated in many of the films recognized with reviving local production, such as *Tieta do Agreste*; *O que é isso, companheiro?*; and *A Guerra de Canudos* (1997, dir. Sergio Rezende).

In addition to a production boom, these early financing mechanisms mark a strategic shift away from Embrafilme's direct involvement to facilitating investment by

⁴² Rodrigo Saturnino, Sony do Brasil, interview by author; Bruno Wainer, Downtown Filmes, interview by author; Steve Solot, Rio Film Commission and former VP MPA Latin America, interview by author, 22 August 2010, Rio de Janeiro; Mario Diamante, ANCINE, interview by author.

⁴³ Marson, 11.

⁴⁴ For a discussion of *retomada* films, see *The New Brazilian Cinema* ed. Lúcia Nagib (London: I.B. Taurus, 2003).

national and international corporate partners. Specifically, Article 3 of the Audiovisual Law permits foreign distributors with local subsidiaries such as Sony or Warner Bros. to invest up to 70 percent of their income tax on local profits from their English-language products into Brazilian film projects.⁴⁵ This portion of the Audiovisual Law greatly shaped commercial filmmaking in Brazil for the next two decades and, as my interviews suggest, dominate debates within the film community about the state and globalization of the national industry.

It should not be surprising that restructuring the audiovisual industry would position Brazilian cinema within a transnational co-production context. Although film scholars and producers proclaim contemporary Brazilian cinema as newly globalized since the *retomada*, Brazilian cinema has operated from the early days as a transnational industry through its relationship with international distributors, co-production partners, and financial policies.⁴⁶ The imagined national policies to protect and stimulate Brazilian audiovisual industries are typically developed and implemented with both national and transnational actors, institutions, and factors/context in mind. Brazilian cinema is inseparable from its relationship from other national industries and international institutions, such as Sony/Columbia.

⁴⁵ Cacilda Rêgo, "Brazilian Cinema: Its Fall, Rise, and Renewal (1990-2003)" *New Cinemas: Journal of Contemporary Film* 3 (2005): 88.

⁴⁶ Marson, 181.

In the early 2000s, the Brazilian government expanded the financing model for the audiovisual industry. This included the creation of a government audiovisual board, the National Film Agency ANCINE in 2001. ANCINE functions as an independent *autarquia*⁴⁷ and strategic unit working with the Ministry of Culture to: 1) stimulate audiovisual productions, 2) support and encourage international co-productions, and 3) develop and implement public policies and funds for the audiovisual market.⁴⁸

Today ANCINE works as an intermediary between the audiovisual community and financial institutions and investors. For example, a producer has to apply directly to ANCINE's board for allocation of incentives and awards. Additionally, ANCINE works to set up regional and international co-production relationships and funding mechanisms such as IBERMEDIA, the Iberian and Latin American collaboration. In recent years, the financing scheme has expanded beyond a focus on tax incentives to include direct funds and direct government support. Funds include the Audiovisual Sector Fund (refundable and non-refundable investments paid for by the federal CONCINE tax on the audiovisual industry) and FUNCINES (private closed funds managed by Brazilian financial institutions for media companies such as Downtown Filmes). More recently, direct government support is available for independent productions through the *Premio*

⁴⁷ According to Randal Johnson, the "*autarquia* is designed to undertake indirect or 'decentralized' administrative duties . . . [or] to engage in activities typical of public administration which require greater financial and administrative autonomy than direct administration by a government ministry would allow." Randal Johnson, *The Film Industry in Brazil: Culture and the State* (Pittsburgh: University of Pittsburgh Press, 1987): 113.

⁴⁸ Meleiro, 2.

Adicional de Renda (Box Office Prize awards funds to films that generated between R\$1.5 and 7.6 million in theatrical box office receipts) and the *Programa de Incentivo a Qualidade* (the Quality Incentive Program awards to production companies that have films screened at national or international festivals). In the past few years, there also has been an increased focus on the number of theaters in Brazil. Funding is now available to build additional theaters in smaller cities and rural parts of the country in order to develop the national exhibition infrastructure in underserved areas.⁴⁹ According to one of ANCINE's directors, these later laws were a way of "equalizing" the resources available between the Audiovisual Law favoring *os majors* and independent producers and distributors.⁵⁰ Yet, many in the industry and ANCINE will agree that the industry is still dependent on the earliest incentive laws—Audiovisual and Rouanet.⁵¹

At the beginning of the 1990s, the goal of restructuring the state institutions and funding schemes was to shift the majority of audiovisual investments from the direct government support of Embrafilme to private financing and to develop a market-driven industry. Yet, the systematic financial and regulatory "rebirth" bears a resemblance to schemes from the 1950s and 1960s. Why return to another incentive-based financing

⁴⁹ Film Financing and Co-producing in Brazil, presentation by Alberto Flaksman, Madrid, October 2010, available ancine.gov.br; Fabio de Sa Cesnik and Guilherme Anders, *Fiscal Incentives for Audiovisual Production and Co-Production in Iberoamerica, Canada, and the U.S. Brazil*, ed. Steve Solot (Rio de Janeiro, Latin American Training, 2009).

⁵⁰ Mario Diamante, ANCINE, interview by author.

⁵¹ Meleiro, 5.

system that encourages corporate sponsorship and co-productions with international partners? Who benefits from this structure?

According to the former head of the Motion Picture Association (MPA) Latin America⁵² office, Steve Solot, the President and Brazilian Minister of Culture developed the Audiovisual Law specifically to attract investment from MPAA members and generate a quick influx of capital. Other than Sony do Brasil in the early 1990s, the majority of MPA members were not interested in investing. At the time, the focus of Warners Bros., Fox, and others in the Brazilian market was to expand their 90 percent market share. They saw little correlation between distributing their English-language films and cultivating local production relationships. Because co-productions do not generate the same scale of profits as the English-language projects nor necessarily make any profit at all, MPA members considered producing films locally as a kind of tax.⁵³

SONY DO BRASIL AS CO-PRODUCER

By contrast, Sony do Brasil began actively co-producing in the early 1990s. Between 1994 and 1997, the unit produced ten local language productions including

⁵² Motion Picture Association of America, which serves as the lobbying organization for major film companies such as Sony, Paramount, Universal, Disney, Fox, etc. has regional offices worldwide. Motion Picture Association of Latin America is the regional division based in São Paulo. The director and its staff oversee distribution, legal, and technology issues such as copyright and piracy for all MPAA members operating in the Latin American territory.

⁵³ By the early 2000s, this mentality towards co-productions changed drastically. After updates in specific legislature regarding tax-incentives and participation, Warner Bros., Fox, Paramount, and Universal begin systematically to participate in LLP partnerships; Steve Solot, Rio Film Commission and former VP MPA Latin America, interview by author, 22 August 2010, Rio de Janeiro.

Tieta do Agreste (1996, dir. Carlos Diegues), *O que é isso, companheiro?* (1997, dir. Bruno Barreto), and *A Guerra de Canudos* (1997, dir. Sergio Rezende). However, the production division was not managed well with most films losing money and two projects never released. After restructuring the division in 1997, all production decisions were made by the various division heads at Sony do Brasil: Rodrigo Saturnino Braga (General Manager), Iona de Macedo (Production), Wilson Cabral (Home Video), and Dorien Sutherland (Television). Three filmmaking models emerged at this point: 1) first-time directors with experience in commercials or television (Cao Hamburger's *Castelo Rá-Tim-Bum*, *O Filme*, 1999 originally developed as a television series); 2) alliance with Rede Globo and their television franchises (such as comedian Renato Aragão); and 3) project with established "old guard" filmmakers like Bruno Barreto and Carlos Diegues. Since Sony do Brasil was the only filmed entertainment division of a transnational media conglomerate producing LLPs, it had complete pick of projects and flexibility to move into development. It dominated the market during the 1990s and de Macedo describes the situation as win/win.⁵⁴

Within the course of my interviews, a variety of reasons were cited to explain Sony's early and dominant position as a co-producer. According to Solot, Sony Pictures Entertainment entered into Brazilian film productions to offset huge losses from English-language film productions (as discussed in the previous chapter) since the acquisition of

⁵⁴ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

Columbia in 1989 and the spending sprees on development and studio renovations that followed. Therefore, from this point of view, Sony's decision to invest "was all a tax issue: the way the tax laws were written they could either claim a tax credit in the United States or invest that money in Brazil."⁵⁵ Since a local subsidiary of an international company could not file a claim in both countries and Sony was losing money on bloated English-language blockbusters, the Brazilian tax incentives prompted their entry.

Rodrigo Saturnino, General Manager of Sony do Brasil, offers an opposing account. He argues that Sony began co-producing in 1988, a period before the dismantling of Embrafilme and creation of the Audiovisual Law. At the time the Law passed, Sony Pictures Entertainment already had a corporate aspirations for international operations. The director recounted attending a January 1992 meeting at Sony's Los Angeles headquarters with all the domestic and international executives. At this meeting then-CEO Peter Guber discussed the possibility of implementing a local co-production policy in various regional markets. Incidentally the same week the Brazilian Congress approved the Audiovisual Law, a financing measure Sony do Brasil anticipated. Since their operation already had an informal policy in place, "[Sony in] Brazil was ahead of the entire world."⁵⁶ For the rest of the 1990s, Sony do Brasil claimed to be the only international media company strategically investing in co-production through Article 3. Both accounts suggest an interplay between the global and local in Sony do Brasil's

⁵⁵ *ibid.*

⁵⁶ Rodrigo Saturnino, Sony do Brasil, interview by author.

decision to undertake LLPs. However, there is a distinct difference in the perceived relationship between Sony corporate in the U.S. and Sony in São Paulo as well as which operation developed this policy locally.

Former VP of Television and Film Production in Latin America, Iona de Macedo offers a third perspective. According to her, Sony do Brasil entered local productions due to two lawyers at the Brazilian firm Monash and Morris selling the idea of the incentive law to its clients. For the first few years at Sony do Brasil, film production was delegated to a pair of Rio lawyers to pick projects in which to invest. The restructuring in 1997 shifted the management of the unit from a legal team to in-house creative producers. de Macedo claims this move led to the late-1990s success of Sony LLPs.⁵⁷ In line with Saturnino's account, this narrative suggests local individuals convinced Sony to become involved and drove this impetus to produce locally.

The varying stories of Sony's entry in co-productions illustrate two things. First, Sony do Brasil's institutional memory supports the narrative of a transnational corporate policy and industry discourse constructing Sony as a LLP "pioneer" and neatly positioned in the Brazilian market within this account. Yet, an "origins" debate reflects not only conflicting industrial memories but also the varying degrees of trans/local interests and perspectives. How do the various positions and motivations of each individual with whom I spoke shape his/her media industry history? While both Sony do Brasil accounts

⁵⁷ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

maintain a nationally focused and “home grown” narrative, the MPA offers a more transnational, multi-company interest. Instead of thinking about the institutional interests and policies of the Brazilian film industry and Sony as a media conglomerate as geographically separate and competing, these industry and institutional accounts reveal shifting perspectives on different motivations for the same situation.

Second, the relationship between MPA members and national policies is the story most often told. While this relationship particularly between Brazil and Hollywood has been characterized as one of hegemonic distribution practices, an examination of these production practices presents a more nuanced analysis than this U.S./Rest binary. The reality of creative processes and decision-making locate local language productions or *co-produções locais* as messy sites of struggle and negotiation. The various individuals and institutions disagree, perspectives differ, and power is not weighed equally.

The remainder of this chapter explores various institutions involved in these co-productions by exploring the translocal nature of the Brazilian LLP strategy through mid-level interviews.⁵⁸ Over a two-month period in 2010, I conducted fieldwork in Rio de Janeiro and São Paulo. In addition to Sony do Brasil and other majors located in Brazil, I interviewed a variety of professionals working in various spaces of the film industry:⁵⁹

⁵⁸ see Kraidy and Murphy; Havens, Lotz, and Tinic.

⁵⁹ The process of setting up interviews derived from the nature of the small and insular Brazilian industry. My first attempt at “cold emailing” the media relations or production representative at small to large Brazilian production companies proved unsuccessful. After personalized email introductions by the former head of the MPA Latin America, I was able to directly set up appointments and meeting with almost two dozen high-level professionals.

City-state or *Prefeitura*: Rio de Janeiro partners

- + Rio Filme
- + Rio Film Commission

City-state or *Prefeitura*: São Paulo partners

- + Pandora Films

National independent producers/distributors based in Rio de Janeiro

- + Diler & Associados
- + Urca Filmes
- + Conspiração
- + Luz Produções
- + Downtown Filmes

National Independent producers/distributors based in São Paulo

- + O2 Filmes

Trans/national institutions and agencies

- + Globo Filmes
- + ANCINE
- + MPA Latin America
- + Sony do Brasil
- + Paramount Pictures Brasil

Despite that the majority of *os majors* and a group of production companies are located in São Paulo, Rio de Janeiro emerges as the center or media capital of the Brazilian film industry.⁶⁰ Institutions and agents from the local city spaces to national and international merge in this location to produce culturally specific LLPs for a national audience. The following two sections examine the complicated relationships and negotiations of Sony do Brasil through discussions of production and distribution practices.

⁶⁰ Michael Curtin, "Media Capital: Towards the Study of Spatial Flows," *International Journal of Cultural Studies* 6:2 (June 2003): 202-228.

“BRAZIL IS DIFFERENT”: PRODUCTION MENTALITY AND DEGREES OF AGENCY

While discussing the general state of the local industry, participants expressed a couple of discursive patterns surrounding contemporary production and distribution practices. Although I heard varying iterations of this mentality, they repeated that culturally specific production practices exist and revolve around the idea that “Brazil is different” or “Brazil is complicated.” Primarily, the characteristics of a “blockbuster” vs. art cinema and production, distribution negotiations, and creative decision-making all effect the nature of local co-productions and Sony do Brasil’s position and LLP strategy.

First, the concept of a Brazilian “blockbuster” arose in multiple interviews as a term industry professionals used to describe popular and mainstream, commercial films produced locally and in Portuguese. Since the early 2000s, productions such as *Cidade de Deus* (2003, dir. Fernando Meirelles and Kátia Lund), *Se Eu Fosse Você* (2006, dir. Daniel Filho), *Tropa de Elite* (2007, dir. José Padilha), *Meu Nome Não é Johnny* (2008, dir. Mauro Lima) and *Chico Xavier* (2010, dir. Daniel Filho), have attracted record audience numbers and increased market share for national cinema. While recently big budgets for blockbusters such as *Nosso Lar* (R\$20 million) and *Tropa de Elite 2* (R\$16 million) have surpassed the R\$7-10 million industry average, Brazilian commercial films are not necessarily driven by the same bloated budgets, special effects, and genre film tradition as Sony Pictures Entertainment’s English-language global blockbusters such as

2012 and the *Spiderman* franchise.⁶¹ Instead, general criteria have emerged for successful Brazilian commercial productions categorized locally as blockbusters:

- Attracts more than 1-2 million Brazilian audience members
- Premise based on a Brazilian history, biography, or actuality; a “polemical” theme that “stays in the heads of the people” such the recent cycle of favela and spiritualism films OR popular comedy influenced by well-known Brazilian actors from television or theater, primarily Globo Filmes characters and properties
- “valor do produção” or a “well-made film”
- “padrão de qualidade” or quality of visual language similar to American films or Brazilian television⁶²

One of the most recent Brazilian blockbusters is *Chico Xavier*. Based on the biography *As Vidas de Chico Xavier*, the film follows the life controversial medium Chico Xavier and his connection to the *espiritualismo* (spiritualism) movement in Brazil. The film attracted over 3 million spectators, beating twenty-year-old audience records.⁶³ Xavier’s celebrated position as a public figure and spiritual writer has been revived in recent years and includes another commercially successful blockbuster, *Nosso Lar*, based on one of his books about the afterlife. As director of Globo Filmes, the company’s film division, Filho has been branded and promoted as a Brazilian commercial filmmaker and

⁶¹ “*Nosso lar* atingiu um milhão de espectadores, diz distribuidora,” G1 (8 September 2010) accessed online (1 October 2010) <http://g1.globo.com/pop-arte/noticia/2010/09/nosso-lar-atingiu-um-milhao-de-espectadores-diz-distribuidora.html>; “Divulgadas as primeiras cenas de *Tropa de elite 2*,” G1 (29 June 2010) accessed online (1 October 2010) <http://g1.globo.com/pop-arte/noticia/2010/06/divulgadas-primeiras-cenas-de-tropa-de-elite-2.html>

⁶² Rio Film, interview by author, 31 August 2010, Rio de Janeiro, Brazil; Diler Trindade, Diler & Associados, interview by author, 31 August 2010, Rio de Janeiro, Brazil; Paramount, interview by author; Sony do Brasil, interview by author.

⁶³ “Filme sobre Chico Xavier chega a 3 milhões de espectadores” Estadão.com.br (May 6, 2010) accessed online (1 September 2010) <http://www.estadao.com.br/noticias/arteelazer,filme-sobre-chico-xavier-chega-a-3-milhoes-de-espectadores,547995,0.htm>

associated with the “padrão de qualidade” of the nation’s most powerful media conglomerate and telenovela producer.⁶⁴ Called “O dono da bilheteria” or box-office boss, he has produced a number of films since the *retomada* that have broken box office audience records.⁶⁵ As director of Globo Filmes and his own production company, Lereby Produções, Daniel Filho holds a significant amount of cultural capital with both industry professionals and Brazilian audiences. Along with Fernando Meirelles, Walter Salles, Jose Padilha, and Guel Arraes, he is one of the filmmakers redefining local film authorship in more commercial, cross-media ways.

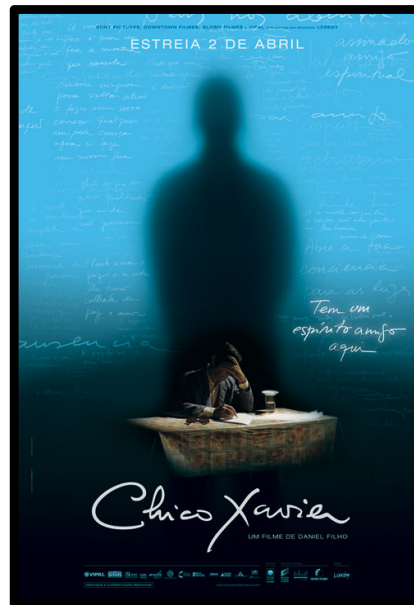


Fig. 4.2 *Chico Xavier* (2010) Theatrical poster

⁶⁴ The term “padrão de qualidade” is widely used industrially and popularly to describe Rede Globo’s big budget, glossy production style representing the company’s dominant position in the Brazilian media market. see pages 29-30 for a further discussion of Globo.

⁶⁵ “O dono da bilheteria” accessed online (1 November 2010)
<http://www.chicoxavierofilme.com.br/site/?p=2579>

Yet, the categorization of the commercial Brazilian film as a blockbuster cinema is controversial in an industry with a strong “artistic authorial” legacy. Producer Leonardo Edde criticized the distinction of the term “commercial,” claiming all films are commercial products made for audiences to watch and to make a return on the investment; still it is important to understand the distinction made today between local commercial films and “art cinema.”⁶⁶ The term “art cinema” was raised during interviews to describe smaller, authorial films that receive limited theatrical release and typically perform better internationally and at film festivals. The discussion surrounding Brazilian cinema as director-driven versus commercial was a major driving force behind the Cinema Novo movement as an auteur-driven movement characterized by its class politics and New Wave aesthetics. This earlier distinction shaped financing policies and projects during the Embrafilme era when commercial viability was not a factor in receiving funds nor how many Brazilian film professionals imagined their national industry.⁶⁷

Contemporary debates continue to position the authorial and artistic mindset against one focused on a financial return, competitiveness, and a large, mainstream public.⁶⁸ The fiscal incentive system through the Audiovisual Law provides money to filmmakers whether or not they make financially successful projects, which according to Sérgio Sá Leitão of Rio Filme allocates funds “from the perspective of cultural policies

⁶⁶ Leonardo Edde, Urca Filmes, interview by author, 6 September 2010, Rio de Janeiro, Brasil.

⁶⁷ Bruno Wainer, Downtown Filmes, interview by author.

⁶⁸ Sérgio Sá Leitão, Rio Filme, interview by author.

and not industrial policies for developing a market.”⁶⁹ A number of professionals make the distinction between cultural and industrial policies promoting either small-scale authorial projects or large, commercial ones, respectively. Even using the word “industry” to describe Brazilian cinema produces scoffs and criticism from some media scholars and producers. Namely, Urca Filmes producer Edde blames the financing scheme for the lack of a commercial cinema: “Brazilian cinema is 100 percent dependent on incentives. We don’t have an industry because [of this financial system].”⁷⁰ Although my focus is primarily on the popular, commercial part of the industry, the discourse about “art cinema” reflects concerns around financing, audiences, and the domestic market. This argument for the best methods in investing public money (or whether there should be public money available at all) is a highly contested issue.

In terms of audiences and commercial viability, “blockbuster” films are expected to perform well in both urban and rural markets. Some Brazilian blockbusters such as *Cidade de Deus* receive wide international distribution, but only a few of these films actually receive distribution regionally or internationally. While the majority of theaters are located in urban centers, producers are beginning to rethink the domestic, Brazilian industry beyond city centers and look for the growth possibilities in smaller towns and rural areas. This has altered how companies like Sony do Brasil select, invest in, and

⁶⁹ *ibid.*

⁷⁰ Leonardo Edde, Urca Filmes, interview by author.

distribute film projects.⁷¹ Films aimed only at urban audiences are having a harder time finding financing and partnerships. For example, a founding member of Cinema Novo and one of the most well-known and active filmmakers in Brazil, Cacá Diegues, produced *5x Favela: Agora Por Nós Memos* (2010) based on his 1962 film, *5x Favela*. Guided by Diegues's production company and written, produced, and starring youth from various Rio favelas, the film took years to raise the seed money and capital necessary to start production for budget of US\$2 million.⁷² After most of the *os majors* such as Warner Bros. passed, Sony do Brasil entered the production as a distributor along with Rio Filme, a mixed private and government company under the Rio Prefeitura, or local government. As a community project developed by a famous Brazilian "auteur," it fell under the category of independent, art cinema.

Favela films such as *Cidade de Deus* and *Tropa de Elite* have been commercial and critical successful genre domestically and internationally. Rooted in the political films that explored issues of urban poverty and racial discrimination during the Cinema Novo movement of the 1950s and 1960s, films based around the lives of individuals and families living in favelas in Rio and Salvador have witnessed a resurgence since the *retomada*. While contemporary favela films explore drug trafficking, gang violence,

⁷¹ Considering the lack of theaters available in rural and interior areas, Sony do Brasil has adapted their methods beyond traditional theatrical distribution to capitalize on a large portion of the domestic market that does not have access to theaters. In order to expand DVD distribution of Sony do Brasil's film *Maria-Mãe do Filho de Deus* (2003, dir. Moacyr Góes), the Home Video division sold DVDs at grocery stores, butchers, and pharmacies around the country. Breaking DVD sales records, they sold over 300,000 DVDs. Diler & Associados, interview by author.

⁷² Veronica de Machado, Luz Produções, interview by author. 10 September 2010, Rio de Janeiro, Brazil.

police corruption and brutality, *5x Favela* aimed to show a different view of day-to-day life within these Rio communities.

The film did not garner the same box office or audience numbers of *Tropa de Elite 2*, which broke audience records with over eleven million admissions during the same year. Premiering at Cannes Film Festival, *5x Favela* played well in Rio de Janeiro and Salvador da Bahia, both areas with concentrated favela neighborhoods. Yet, the film did not perform well in other urban areas such as Brasília and São Paulo that do not have the same historical concentration of favela communities, nor was it even released widely outside of these cities in more rural areas. Thus, many of the companies partnering with *os majors* are moving away from what they consider to be smaller, independent authorial projects and towards a more nationally and internationally focused commercial model.



Fig. 4.3: *5x Favela: Agora Por Nós Memos* (2010) Theatrical Poster

Another “difference” highlighted during my research was the nature of the production deal, partnerships, and creative decision-making. Since the Embrafilme period, the film industry adopted a business model of participation and ownership that many consider to be geographically and culturally specific, adding to the “Brazil is complicated” discourse. Unlike earlier commercial industry models where film studios closely manage development and contract production companies, Brazilian production companies and filmmakers maintain a distinct level of control over the negotiation process and film property.⁷³ For example, the production history of the blockbuster *Chico Xavier* involved a mix of trans/local companies:

- Downtown Filmes (Rio-based independent distribution company)
- Lereby Produções (Rio-based independent production company)
- Sony do Brasil (local division of transnational media company)
- Globo Filmes (national media conglomerate)
- Estação da Luz (non-profit civil enterprise based in the state of Ceará)

Head of Downtown Filmes, Bruno Wainer, originally bought the rights to the biographical source material. Since Downtown is the only independent distributor in Brazil dealing solely in *cinema nacional* (national cinema), it releases 70 percent of local commercial productions. After initial development, Wainer offered a *parceria* (partnership) to Sony do Brasil including investment through Article 3 and co-distribution rights. Significantly, part of the deal included an exchange of participation in one film project for another. Downtown leveraged a deal based on Sony giving up their

⁷³ Rodrigo Saturnino, Sony do Brasil, interview by author.

participation in the lucrative project *Meu Nome Não é Johnny* for a partnership in *Chico Xavier*.⁷⁴ Wainer and Downtown Filmes negotiated Sony do Brasil's participation, and together they took the project to Filho's production company, Lereby.⁷⁵ Estação da Luz, the non-profit organization based in the Northeastern state of Ceará, also participated as a co-producer.⁷⁶ Additional actors included ANCINE's board approval of incentive money from Article 1, 1A, 3, and Premio Adicional de Renda as well as co-producer Globo Filmes, contributing cross-media marketing and input during development.

Projects such as *Chico Xavier* raise questions about creative agency and decision-making. Whereas many industry professionals see "the rest of the world" adopting a more U.S. model where the major studio can control creative and financial decisions from pre-production to distribution, Brazilian film professionals differentiate themselves as maintaining their own cultural industry practices.⁷⁷ One of the key differences is the Brazilian producers' ability to retain decisions about the theatrical version, or final cut, which is a standard in the local industry.⁷⁸ Sony do Brasil executives do not participate in daily production activities, visit the set, or see "dailies."⁷⁹ Instead they see a first rough

⁷⁴ Also based on a bestselling biography, *Johnny* became one of the top grossing films of 2008.

⁷⁵ Entrevista com Daniel Filho. Globo Filmes (29 January 2010) accessed online (1 September 2010). <http://www.paginadocinema.com.br/entrevista/index/53>

⁷⁶ Estação da Luz organization supports development projects in education, sports, and culture that promote "peace and human rights," accessed online (1 November 2010) http://www.estacaoluz.org.br/quem_somos.php

⁷⁷ Rodrigo Saturnino, Sony do Brasil, interview by author.

⁷⁸ *ibid*; Bruno Wainer, Downtown Filmes, interview by author. Eliana Soares, Conspiração, interview by author, 25 August 2010, Rio de Janeiro, Brazil.

⁷⁹ Jorge Peregrino, Paramount, interview by author.

cut of each project in order to give input on the marketing campaign and to produce the trailer. The Sony director cited a few disagreements with various production partners over the final theatrical cut.⁸⁰ Although Sony, Globo Filmes, Lereby, and Downtown participated in developing the script and cast, ultimately director Filho and his production company had control over the theatrical cut.

While *Chico Xavier* and *5xs Favela* are clear examples of this local co-production strategy, the commercial, domestic LLP strategy becomes even more apparent with the films that Sony passed on. When offered a partnership in Andrucha Waddington's recent Spanish-language co-production, *Lope* (2010), Sony do Brasil declined despite participating in the Brazilian director's previous features *Eu, Tu, Eles* (2000), *Viva São João* (2002) and *Casa de Areia* (2005). Sony Pictures in Los Angeles developed *Lope*, a Brazilian-Spanish co-production shot in Spain with an international cast. Aimed at international film festivals and Spanish-language markets, Rodrigo Saturnino of Sony do Brasil suggested *Lope* did not fit Sony do Brasil's local Portuguese-language strategy. He cited the difficulty of translating a historic Spanish epic to Brazilian audiences for both linguistic and socio-historical reasons. Instead, Warner Bros. Brasil picked up co-production and Brazilian distribution rights; Warner Bros. Brasil presumably has a different domestic and international strategy than Sony.

⁸⁰ Not surprisingly, Sony declined to offer film examples.

Sony do Brasil's working relationship with its local partners reflects a more complicated scenario than anticipated. Bruno Wainer, prominent producer and head of Downtown Filmes, described the relationship as "friction with cooperation."⁸¹ Described by him as a "mutually beneficial relationship," Sony has resources to invest, produce marketing materials, and research test audiences whereas its partners bring the scripts, talent, and experience. Sony supports a large portion of mainstream commercial filmmakers who mostly like the incentive policies. Wainer humorously characterized the relationship in this way: "I think many of the [Brazilian] players have a sexual fantasy to see their film with the majors' name at the beginning of the credits. It is the realism of a sexual fantasy."⁸² Yet, the friction comes with institutional and industrial differences. Wainer asserted:

In reality when a major invests they consider themselves the 'don' of the film. Here [in Brazil] they are not the 'don' but a co-producer. The 'don' of the film is the producer. Many times they are shocked. . . they have [provided] 30 percent of the film's cost, the other 70 percent is mine. I have to give them a realization . . . That is not how it works here. This also reflects a [different] relationship of power. We are partners, we are not [Sony's] employees. I brought most of the resources so I am a partner with you.⁸³

Another of Sony's co-producing partners is Globo Filmes.⁸⁴ Part of the Globo media conglomerate, this Brazilian company also owns the fourth-largest commercial

⁸¹ Bruno Wainer, Downtown Filmes, interview by author.

⁸² *ibid.*

⁸³ *ibid.*

⁸⁴ After going through various formal and informal processes, I was unable to secure an interview with anyone at Globo Filmes. Most of my research relies on information provided by their partners, trade publications, and Globo's media relations and online marketing.

television network in the world, Rede Globo. In addition to its in-house television production known for “padrão de qualidade” (standard of quality), TV Globo typically captured a 60 to 80 per cent share of the market in the major Brazilian cities.⁸⁵ In 1998, the company founded Globo Filmes in order to participate as a co-producer in the revival of Brazilian cinema. Due to the company’s cross-media holdings in online, television, newspaper, and radio, Globo Filmes is in a key position in the industry. As an “equity investor,” Globo provides marketing on its network by giving the films an 85 percent discount on TV spots and giving free exposure on talk shows and telenovelas.⁸⁶ Many individuals in the industry talk about “Globo power” for attracting their telenovela audiences to the films. In the past decade, Globo has co-produced 34 out of the 37 Brazilian films that achieved over a million spectators and many of these productions are with Sony. In the early 2000s, Sony and Globo were heavily criticized for dominating the industry. According to filmmaker Aluizio Abranches,

one of the obstacles facing Brazilian cinema is the Globo-Columbia [Sony] duo. If you are not connected with this duo, then you have few chances for success. So, the biggest problem is the exhibition and distribution. The public is only going where Globo Filmes is involved. [The 2002 film] *As Três Marias* was seen more in Italy than here.⁸⁷

Similar to Sony and *os majors*, Globo has adopted the Brazilian commercial, blockbuster strategy working with bigger budgets, established filmmakers and actors, and typically

⁸⁵ Joseph Straubhaar, *World Television: From Global to Local Communication and Human Value* (Thousand Oaks, Ca: Sage, 2007); Amelia S. Simpson, *Xuxa: The Mega-marketing of gender, race and modernity* (Philadelphia: Temple University Press, 2003).

⁸⁶ Rodrigo Saturnino, Sony do Brasil, interview by author.

⁸⁷ Aluizio Abranches, “3 anos de *Revista de Cinema*” *Revista de Cinema* (julho de 2003): 33.

well-known source material such as the film adaption of popular Brazilian literature *Lisbela e o prisioneiro* (2003, dir. Guel Arraes) and *Chico Xavier* as well as the recent *Tropa de Elite 2* franchise.

Based in Rio de Janeiro and described as “the most powerful company in Brazil,” Globo is able to leverage deals and partnerships to its favor within the Brazilian media industries. Globo Filmes and Sony both want to have the “*postura dominadora*” (dominant position) in the contract process according to Downtown Filmes’ Wainer. His strategy has been to let the two corporate entities fight out the details.⁸⁸ While most of the majors and local producers such as Sony, Paramount, Conspiração, Downtown Filmes, and Diler Trindad interviewed cite the benefit of Globo’s experience and resources, this friction or negotiation revolves around Globo’s participation as a co-partner. In an off-the-record conversation, an executive from a major media company other than Sony do Brasil criticized Globo’s business model of selling commercials on its networks. Since the media regulations will not allow Globo to be a producer, the way for it to participate is through selling commercials at discounted rate along with a portion of the distributor’s fee. According to this executive, at certain times of the fiscal year Globo’s advertising clients buy fewer commercial breaks. In turn, Globo sells this “unsellable” airtime to Fox,

⁸⁸ Bruno Wainer, Downtown Filmes, interview by author.

Warner Bros., Paramount, or Sony at an 85 percent discount in exchange for a percentage of the film distribution fee.⁸⁹

Sony do Brasil's LLP strategy does not reflect the kind of cohesive and localized corporate strategy guided by American executives as suggested in the English-language industry and trade coverage. As my fieldwork suggests, neither Sony do Brasil's relationships with its Brazilian partners, nor its position within Sony Picture International Motion Picture Production Group (IMPPG), follows a traditional corporate hierarchical structure. Sony's IMPPG oversees the local language production strategy yet is not involved in the everyday Brazilian operations. While SPE's central international production division may take a more hands-on approach with its LLPs in China, Mexico, and Western Europe, Sony do Brasil maintains a unique level of creative autonomy for a number of reasons. Saturnino, the Director of Sony do Brasil, claims "Sony LA [IMPPG] leaves us alone . . . we never work with the international group" after a picture is officially greenlit.⁹⁰ After the three divisions within Sony do Brasil vote to develop a project, the head of production sends an email to the head of IMPPG to approve the development budgets and overhead budgets and to a marketing and distribution executive

⁸⁹ Off-the-record conversation, interview by author, August 2010, Brasil.

⁹⁰ Rodrigo Saturnino, Sony do Brasil, interview by author.

to approve the prints and advertising budget. Unlike the more formal greenlighting process in Spain, approval for Brazil happens through email.⁹¹

In the case of approving projects, IMPPG typically follows the recommendation of the local office.⁹² First, the Brazilian financial incentives such as Article 3 fund almost all of the Sony investments in LLPs. Saturnino suggests because of the audiovisual funds “[SPE international production executives in Los Angeles] don’t enter the budgets here and we don’t rely on them. Everything is completely separate.”⁹³ In order to invest in *Chico Xavier*, Sony do Brasil was able to access tax incentive resources from the Audiovisual Law that covered all of its expenses. Additionally, due to the business model specific to Brazilian cinema, trying to gather information, contracts, or reports to send to IMPPG is difficult to translate for Sony employees outside of Brazil. One Sony do Brasil employee in the theatrical division cited the difficulty getting their Brazilian partners to comply and participate in reports that are sent to Sony in the United States. No precedent exists for this kind of micromanaging in the local industry so these production reports become mostly a gesture for the Brazilians.

Overall, the idea of Brazil as culturally, economically, and politically “complicated” and taking care of itself comes to stand in for a disconnect and separation in Sony’s corporate structure and its quasi-autonomous position as a translocal operation.

⁹¹ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

⁹² Interview by author.

⁹³ Rodrigo Saturnino, Sony do Brasil, interview by author.

Sony argues it operates this way because of the conditions of the industry. However, in the following sections I will argue that Sony do Brasil's resources and position as co-producer and distributor are the sign of an unequal and broken system that also overlooks local, independent players.

PUBLIC OR REAL MONEY? SONY'S POSITION AS INVESTOR AND DISTRIBUTOR

Most producers and distributors praise the negotiation, development, and production process as an important and culturally specific aspect of their industry, whereas the current distribution system is incredibly controversial. Primarily, many argue Article 3 of the Audiovisual Law was designed to attract *os majors* in the early 1990s and does reflect the current competency and strength of local filmmakers. Expressed by Downtown Filmes' Wainer: "I have a close relationship with Sony but I am completely against the Audiovisual Law's Article 3. It is absurd. It is crooked and should not exist. . . I am not struggling against the majors but am struggling against the system."⁹⁴

As explained above, Article 3 allows international distribution companies to use a percentage of their taxed income within Brazil as investment money into local co-productions as explained in the beginning of the chapter. Due to the historic dominance of Fox, Sony/Columbia, Warner Bros., and Universal and their English-language films in the local market ranging from 80 to 95 percent of the market share over the past two

⁹⁴ Bruno Wainer, Downtown Filmes, interview by author.

decades, this taxed income creates an investment pool equaling \$30-35 million Reais a year. With these resources Sony and others are able to choose the “filet mignon of Brazilian films.”⁹⁵ While recent revisions in the fiscal incentives provide additional resources for independent companies such as Downtown Filmes and Rio Filme and taxed income has decreased since 2006, between 1995 to 2009 MPA Latin America members released three quarters of the top grossing films, Sony released one third of that portion. Andre Sturm of Pandora Filmes, a state-sponsored distributor based in São Paulo, calls the current situation an “oligopoly” since four companies dominate worldwide distribution. He contends in Brazil

[the majors] have 85 percent of the market with American films, they have 10 percent of the market with Brazilian commercial films with public money because of fiscal incentives. They enter as partners and earn from distribution for nothing. Because there are less than ten independent producers in Brazil, [the incentive system] is bad for the market, bad for the people, and bad for the country.⁹⁶

Many of the film professionals who partner with Sony consider Article 3 “absurd,” “crooked,”⁹⁷ and “ruim”⁹⁸ [bad] since “we are more fragile, smaller, harder to raise capital. And the government gives them money? For us to make money for them, it is too much.”⁹⁹

⁹⁵ Sérgio Sá Leitão, Rio Filme, interview by author.

⁹⁶ Andre Sturm, Pandora Filmes, interview by author, 14 September 2010, São Paulo, Brazil.

⁹⁷ Bruno Wainer, Downtown Filmes, interview by author.

⁹⁸ Andre Sturm Pandora Filmes, interview by author.

⁹⁹ Sérgio Sá Leitão, Rio Filme, interview by author, 31 August 2010, Rio de Janeiro, Brazil.

Two general discursive categories surround this incentive money—public money and real money. First, the view is that Brazilian government uses public tax money to incentivize international companies and not local ones: “It does not make sense for a government that subsidizes multinational companies and does not subsidize national companies . . . especially when they show they are just as competitive as the multinationals.”¹⁰⁰ The argument over public money stems from a larger political economic debate in Brazil about whether the position of the state is to foment or direct cultural industries. Similar to the criticism of direct state investment by Embrafilme in the 1970s and 1980s, more specifically, this reflects questions about the best method to stimulate and sustain a national cinema industry. By directly managing these cultural policies, the state agencies and financing function, according to Rio Filme’s Sérgio Sá Leitão, acts “more as a generator of dependency than development.”¹⁰¹

Some in the film community suggest the presence of *os majors* has influenced local theatrical distribution practices and created a riskier investment for Brazilian “public money.” Traditionally, Sony and other major international studios relied on rigid models for distribution. According to Iona de Macedo:

These companies have models for every type of films. If you have a *Spiderman*, you release 700 prints. But if you don’t have a *Spiderman*, then don’t. Why? Because you have to] spend so much money on the [prints], then you have to make the money back [from production costs and prints]. But with a film that costs \$8 million why would you [release] 700 prints? Since the people who

¹⁰⁰ Sérgio Sá Leitão, Rio Filme, interview by author.

¹⁰¹ *ibid.*

approve the [prints and advertising] budgets are in Hollywood, they use a Hollywood mentality.¹⁰²

In the late-1990s, numerous Sony Brasil staff recall asking for prints and advertising approval beyond the standard 150 to 200 copies was almost impossible. Although Brazilian LLPs offered little risk, the LLP distribution model is more conservative than the English-language model in order to minimize risk.

Yet, today *os majors* are expanding their models beyond the model of big English-language blockbuster release and limited LLP release. In order to maximize on the recent Brazilian commercial blockbuster trend, distributors are producing more copies, developing wider simultaneous releases, and emphasizing opening weekend gross. In 2010, the average wide release for a local production is 300 to 400 screens. However, local companies wanting to capture a wider market share and compete with the 85 to 90 percent market share of English-language films are altering the wide release model. In 2010, an independent distributor released *Tropa de Elite 2* in over 700 screens across Brazil, more than twice the average. Brazilian trade and popular press covered the new aggressive commercial strategy through discussions of the number of theaters, the breaking of audience records, and the weekend gross: “*Recorde de Público: Cinema nacional chega a 22.3 milhões de espectadores em 2010, superando números de 2003*” (Public Record: National Cinema arrives at 22.3 million spectators in 2010, passing 2003

¹⁰² Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

numbers”), “*Tropa de elite 2* é a terceira maior bilheteria do cinema brasileiro” (*Tropa de elite 2* is the third best box office in Brazilian cinema), and “*Tropa de elite 2* é visto por 1,29 milhão de pessoas e arrecada R\$ 13,9 milhões no fim de semana” (*Tropa de elite 2* seen by 1.29 million people and earns R\$ 13.9 million weekend).¹⁰³ However what do these records and box office numbers mean in relation to the health of local industry partners and policies?

Brazilian LLPs have led to the development of a local wide-release model and are now expected to perform strongly at the box office opening weekend. São Paulo-based distributor, Andre Sturm, questions this number-obsessed logic and the adapting of an imported Hollywood model for the Brazilian market funded by public money:

First weekend box office is an obsession. . . but wait a minute! How can you compare the film with 200 copies with a film with only 30 copies? . . . What does the information signify? It doesn’t signify anything. By the second weekend it dropped 50 percent and the film with 30 copies doesn’t drop at all. How much did 200 copies cost and how much did 30 copies cost? What investment was made? What about these questions in the manner of quantitative research? No, it is only the number of spectators for the weekend, number of spectators overall for the film, the rest is not considered. What if I make a film that costs less, a more modest release . . . When you are considering public money, my money, my mother’s money . . . when a film costs seven million of the public’s money, 100 percent public money with five million for prints and advertising. What is best for

¹⁰³ “Recorde de Público: Cinema nacional chega a 22.3 milhões de espectadores em 2010, superando números de 2003” Globo Pagina do Cinema (17 October 2010) accessed online (1 November 2010) <http://paginadocinema.com.br/reportagens/index/121>; “*Tropa de elite 2* é a terceira maior bilheteria do cinema brasileiro” Blog de Xexeo (28 October 2010) accessed online (1 November 2010). <http://oglobo.globo.com/cultura/xexeo/posts/2010/10/28/tropa-de-elite-2-a-terceira-maior-bilheteria-do-cinema-brasileiro-336379.asp>; “*Tropa de elite 2* é visto por 1,29 milhão de pessoas e arrecada R\$ 13,9 milhões no fim de semana” O Globo (29 October 2010) accessed online (November 1, 2010) <http://oglobo.globo.com/cultura/mat/2010/10/12/tropa-de-elite-2-visto-por-1-29-milhao-de-pessoas-arrecada-13-9-milhoes-no-fim-de-semana-922766873.asp>.

the public? . . . In the U.S., a film that makes \$50 million in the box office and cost \$300 million to make. This is not a success. Here in Brazil . . . it is a failure.¹⁰⁴

This echoes Charles Acland's discussion of weekend box office discourse ('How was *your* weekend?') that "relies on a popular recognition of box office revenue as a gauge of success and currency."¹⁰⁵ According to Sturm, this recognition and gauge of success now factors into how local language co-productions perform in the Brazilian film market. However, the notion of "failure" varies depending on the partner, their position in the local industry, and their stake in the project. Sony Pictures Entertainment can cushion English-language blockbuster flops across its various media divisions through transmedia strategies, multiple distribution windows, and international markets. Sony do Brasil's partners do not have the size or resources to survive these kinds of losses in theatrical release. What angers most independent Brazilian producers and distributors is how Sony do Brasil and subsidiaries of international media companies use "public" tax dollars to gamble for huge Hollywood-style opening weekends.

Second, since Article 3 resources originate from Sony's taxed income, it does not invest using "real" money.¹⁰⁶ Investing the money in a local production carries little risk since Sony would pay the Brazilian government this taxed income either way.¹⁰⁷ The risk involved is primarily with costs for prints and advertising. This is a key reason for Sony

¹⁰⁴ Andre Sturm, Pandora Filmes, interview by author.

¹⁰⁵ Acland, 6.

¹⁰⁶ Diler Trindade, Diler & Associados, interview by author; Sony do Brasil, interview by author.

¹⁰⁷ Vincent.

do Brasil's autonomy from the corporate international division. The corporate parent does not see Brazilian productions using its "real" money so it does not interfere in creative decisions or financing.¹⁰⁸ Even though Sony do Brasil has the experience and resources to invest, release, and promote a co-production locally, it does not have the resources or experiences to operate within the international market outside of Brazil. Thus, Sony's international operations executives see Brazilian theatrical distribution and home video sales as fairly nationally contained although television sales may extend across Latin America through SPE's Sony Entertainment Television or other satellite movie channels based in the region.¹⁰⁹

On the one hand, a few Brazilian independent producers make the distinction that *os majors* are better partners for the local market due to their experience and resources locally. On the other hand, they also consider Sony's investment not "real" money. The logic is because Sony do Brasil and the IMPPG have so many English-language films and LLPs from other regions, they will not spend the time and resources selling a Brazilian LLP outside of the national market when they do not need the international market to recoup costs. If Sony Pictures Releasing International decides to distribute a LLP outside its domestic market, they will pass the film off to another division in their conglomerate: Sony Pictures Classics for U.S. theatrical and International Distribution for outside of

¹⁰⁸ Rodrigo Saturnino, Sony do Brasil, interview by author.

¹⁰⁹ *ibid.*

North American theatrical.¹¹⁰ An example of this would be the Brazilian LLP *Casa de Areia* that Sony Pictures Classic picked up in the U.S. and IMPPG gave a limited international release. In contrast, minor and independent partners such as Independent Film and Television Alliance members are “better” for the international market since they are focused on recuperating their initial “real” investment (not subsidized by the incentive systems). Yet, the expectation for international distribution outside of Brazil is rare for most LLPs, which is also the case with the Sony’s Spanish LLPs in the following chapter.

Moreover, I observed a pattern of criticism that Sony and the other majors “do not release [LLP] films with the same enthusiasm as their *matriz* (their own, home) films . . . Brazilian films are always secondary for the majors.”¹¹¹ The assumption is that independent distributors will release a film “better” than Sony because, according to Rio Filme’s Sérgio Sá Leitão, “[Brazilian] films are more important to me . . . I can do things that they cannot. I will do more guerilla marketing than they would do. I could do much more viral marketing.”¹¹² While this statement implies an independent distributor has a more flexible distribution and marketing model, this mentality absolves Sony do Brasil of any involvement, albeit limited, in the creative co-production process. It also implies a distinction between real vs. public money, independent companies vs. local corporate subsidiaries, national vs. inter/transnational, and Brazilian vs. non-Brazilian.

¹¹⁰ Rodrigo Saturnino, Sony Pictures Classics, interview by author, January 2010, New York.

¹¹¹ Sérgio Sá Leitão, Rio Filme, interview by author.

¹¹² *ibid.*

Conclusion

As my interviews reveal, the flow of transnational finance, talent, resources, and media operate across slippery notions of local, national, and transnational in contemporary film industries. These debates over (trans)national positions and participation call into question the difficulty of locating contemporary media production practices in a concrete national space. Asking the Sony do Brasil director about critical debates in the industry surrounding the dominant position of *os majors* as appendages of American companies was one of the most provocative moments in my field interviews. Quickly switching from Portuguese to English, he calls this criticism “bullshit.” Sony do Brasil calls itself a Brazilian company run by Brazilians making Brazilian films and is not a traditional major. A definite “us-versus-them” discourse surrounds available resources. While working to emphasize the separation between themselves and Sony corporate headquarters in the United States, Saturnino also acknowledges that:

we are distributors and we need films to release. Of course we receive the majority of our productions from the studio because we work for them. I know that if a Chinese movie arrives and it has a very good chance to make money, we release it with the same amount of work and energy. With Sony, it is 100 percent the same. We have a few years when our number one movie is Brazilian such as *Chico Xavier*. People in LA are more than happy . . . my boss is more than happy to make a Brazilian movie. . . We love to make blockbusters and make money. It doesn't matter about the nationality.¹¹³

I observed this popular narrative from many Brazilian producers and distributors—a good movie is a good movie no matter who produces it or where it is

¹¹³ Rodrigo Saturnino, Sony do Brasil, interview by author.

produced. However, the strength and health of their national cultural industry, market share, and support for local productions dominate industry discussions today. Sony do Brasil rides the line between “we are Brazilian just like them” and the nationality of our company and projects is insignificant. If nationality does not matter, does Sony’s strategy have no clear identity, dominant national ties, or allegiance? Their Brazilian LLPs have no space or place in the lobby saturated with posters, trailers, and marketing for the English-language films they distribute. Yet financing, development, and marketing Brazilian LLPs take a large portion of resources to release three films per year from the São Paulo office. The films they produce are in the Portuguese language, and they consistently discuss the linguistic and cultural barriers for distributing outside of the domestic or Lusophone geo-linguistic market.

Overall, I can draw three conclusions from the Sony do Brasil case study. My interviews revealed an intimate, on-the-ground understanding of Brazilian local co-productions and Sony do Brasil. First, many producers, distributors, and audience members have a complex love/hate relationship with Sony Pictures and other MPA members yet clearly argue that the current system is more complicated than has been represented. This type of qualitative interviewing had limitations in the number of interviews I could conduct and analyze, particularly in an industry that depends on immediate appointments and professional connections. I also did not anticipate the candid opinions expressed and access I received with these film professionals. The type of data I

gathered enriched my understanding of the local practices that would not have been available with earlier top-down methodology which focused on institutions instead of humans as agents. By navigating the conversations, introductions, and professional networking within the Brazilian film industry, I have a clearer idea of the types of people in these executive and creative worker positions, their internal network and relationships to each other, and the importance of their individual agency within these local, national, and transnational institutions. I routinely was asked the question “Who have you talked to?” followed by a history of their professional relationship to each other and a list of who else to whom I should talk. Part of this is the cultural networking that exists in all levels of Brazilian society and the other part is the internal references and “door opening” that is necessary to contact anyone in the media industries. Many of the industry professionals were eager to share their experiences and opinions on cultural, political, economic implications of working with Sony as discussed above. The experiences working with Sony do Brasil and the opinions about their position in the local industry were negotiated as a necessary due to their experiences, personnel, and resources. Yet, Brazilian producers and distributors almost universally despise their strong presence and financial resources from the tax incentive system.

Furthermore, a number of film professionals wanted to engage in theoretical and academic debates regarding national cinema, political economy, globalization, audiences, and cultural proximity. When asked about media audiences and ideas about cultural

proximity, each producer and distributor described his/her idea of the Brazilian audience by sex, class, education, location, and so on. In terms of issues of the effect of international media ownership and production on the Brazilian population, responses varied. Many producers justified working with the majors as part of a business logic that “rewards” good scripts, good projects, and the desire to make money. Yet, I specifically asked Sá Leitão, who is incredibly vocal against the advantages of *os majors* in Brazil, about Latin American debates and literature surrounding Hollywood and media imperialism. He argued:

it was easier in past to say the business has a hand in imperialism . . . the fact that the companies are familiar. You have figures, tycoons that represent the companies. Today there is not one person . . . there are levels and levels . . . stockholders. Capitalism is more complex than it was. There does not exist an evil plan by one person to control . . . there exists an economic system with logic. The same thing that motivates Disney is the same thing that motivates companies in other countries, Downtown or mine.¹¹⁴

Beyond arguments of power and place, Sá Leitão offers a critic of media imperialism based on rethinking theories of the media industry from the driving vision of the individual to the complex nature of a global economic system. In critiquing the idea of a single tycoon representing a company, he is also critiquing media histories that have favored a simplified and mogul-driven story of industry workings over complex, multi-layered, and contradictory notion of media institutions.

¹¹⁴ Sérgio Sá Leitão, Rio Filme, interview by author.

Many echoed this argument about economic logic and the complex nature of state-supported culture industries. It is not the individual institutions such as Sony that producers and distributors blame but the tax incentive and regulatory system. While Sony's partners want an equalized industry where they can compete with the majors, the consensus of mainstream audiovisual professionals is the government should not foment or regulate this process.

Second, my research does not offer a cohesive picture of Brazilian LLPs or Sony do Brasil's place as a local institution but only further complicates the LLP practices. Any study of the Brazilian film industry must be contextualized and viewed in more nuanced and complicated ways that incorporate understand of local agents including issues of urban location, socio-economic levels, and internal structure and politics of this media culture. I interviewed a select and prominent group of Brazilian film producers and distributors, a specific dominant group with unprecedented access and resources. These are educated, upper-class mostly male professionals who work with each other in a small and at times insular industry. It is necessary to acknowledge that their positions and decades of experience in the industry offer them more power or leverage in their relationships with Sony. I gathered mostly an insider's view of commercial, mainstream co-productions that manage to locate funding and do receive wide distribution unlike the smaller, independent films made from people outside this system. Moreover, I observed an overall shift away from earlier support of a protectionist, state-sponsored system based

on incentive to a strong argument for an open, market-driven industry based on economic logic and trans/national partnerships. Understandings and opinions about Sony do Brasil varied depending on whom I was talking and their position in the industry—private vs. state institutions, history of partnership with Sony, their training or history with national or international film companies.

Third, it is impossible to ignore the historical influence and position MPA members still maintain in the Brazilian film industry. This is evident from Sony/Columbia's longtime presence as a co-producer and distributor but also from the current financial system that continues to support their English- and Portuguese-language films. Additionally, I heard the common usage of industry terms in English such as "major player," "blockbuster," "opening weekend," and so on. This influence should be identified and questioned but does not represent the Hollywoodization of Brazil. Actually, as my chapter illustrates, the local filmmaking practices are far from it.

But to classify Sony do Brasil as merely another local company with co-production interests ignores this problematic legacy and the current global size of these media conglomerates and their powerful position in international film markets. Their local co-production focus may be on a national space but the same operations and resources are also dedicated to selling the owners' English-language films to Brazilian audiences. Yet, to deny Sony/Columbia's history within the development of Brazilian LLPs would discount its local agency, imagination, and actors who are separate

individuals from the large entity of Sony worldwide. Therefore, Sony do Brasil presents an excellent example of a *translocal* media institutions that operates in an in-between space; somewhere between transnational corporation and local Brazilian company that must balance and adapt to the goals of both. Sony do Brasil is promoting and adapting a global corporate production strategy developed within their transnational media parent group, SPE. While the LLP strategy has *transnational* participation from executives in Los Angeles to managers and producers in Brazil, local and national conditions also push back to shape the media products. *Chico Xavier* is not merely an example of a Sony local language film. Producers and distributors based in the specific *local* business culture of the media capital Rio de Janeiro participate, negotiate, and, at times, maintain a significant amount of creative control over these films. Additionally, cultural policies through national subsidies and incentives transform the financial, political, and cultural nature of what constitutes a Brazilian film co-production as well as how and where these partners intersect to create these *translocal* media products.

Chapter Five

Navigating the National/Regional European Film Market: The Short-Lived Case of Columbia Films Producciones Españolas

Film scholars and industry professionals historically have portrayed the relationship between European and Hollywood industries through a “rhetoric of conflict” and as an “economic, political, and cultural battlefield.”¹ Most notably, the 1992 GATT debates centered on rounds of discussion between U.S.-supported free trade policies and a French-led European stance of protecting the cultural place of media. While decades of protectionist measures, public subsidies, and free market vs. national cultural policy debates support this image, the everyday relationships and exchanges between major studios and independent producers suggest a more complex contemporary situation. What instead exists is a cinema that transverses national borders, cultural boundaries, and languages as well as the flow of people, finances, and technology. This chapter examines the short-lived Columbia Films Producciones Españolas against the contemporary state of the Spanish film industry.

From theatrical distribution to minority producer investment, Sony Pictures Entertainment and other transnational film companies such as Warner Bros., Fox, Paramount, Disney, The Weinstein Company are engaging systematically in European

¹ Andrew Higson and Richard Maltby, “‘Film Europe’ and ‘Film America’: An Introduction,” in *Film Europe and Film America: Cinema, Commerce and Cultural Exchange 1920-1939*. (Exeter, UK: University of Exeter Press, 1999): 5; Mark Betz, “The Name Above The (Sub)Title: Internationalism, Coproduction, and Polyglot European Art Cinema,” *Camera Obscura* 46, Vol 16, No. 1 (2001): 13.

media industries through more localized partnership. Based in Madrid between 2001 and 2007, Columbia Films Producciones Españolas produced two local language productions (LLP) in Spain and later expanded to oversee European co-productions for France and Italy. The goal of this chapter is to explore this LLP operation within the context of a changing Spanish and European industrial context during the 2000s. Over the past decade, an economic recession, online piracy, and a shrinking theatrical box office and DVD sales hit the Spanish industry hard. Although the industry produced between 98 and 173 films per year during the 2000s, during the period of Columbia Español's LLP operation the market share for local films dropped from 17.8 to 13 percent.² While Sony arrived full force with its LLP unit and strategy in place, building from a precedent in Brazil, the Madrid operation and Los Angeles-based international division headquarters faced a domestic marketplace characterized by multi-layered regional and local financing measures as well as declining audiences and dwindling distribution windows.

Within a fraught historical context, how do we understand the Columbia Español position as local language producer and partner in the Spanish film industry? Although the LLP originally was conceived as financed fully by SPE, the Spanish projects were co-produced and co-financed with television broadcasters and independent producers. Due to these multi-layered partnerships, I explore competing commercial cinema models as

² ICAA website, "Numero de peliculas realizadas 1970-2008. El cine y el video en datos y cifras" and "Evolution of Spanish cinema 2009," accessed online (15 January 2011) <http://www.mcu.es/cine/MC/MAC/2009.html>

well as tensions and conflicts between the various national/regional/transnational partners. What results are competing notions of “local” Spanish cinema and conflicts between Sony’s corporate studio models with industry practices.

My research is based on five weeks of mid-level field research spent in Madrid, Spain, and Brussels, Belgium, during 2011. Introductions from Brazil led me to my first interview contact, the Brazilian former Sony executive, Iona de Macedo, who was involved in both the Brazilian and Spanish LLP divisions. After an extensive interview with de Macedo, I approached national and regional public institutions (Instituto de la Cinematografía y de las Artes Audiovisuales/ICAA, the European Union’s MEDIA program, and Eurimages program), trade organizations (Federación de Distribuidores Cinematográficos/FEDICINE or Spain’s distribution organization, and the Motion Picture Association headquarters in Europe), major producers and distributors (Sony, Warner Bros., and Universal), and a number of independent producers and distributors (Morena Films and El Toro Pictures). What emerged was a complicated history of Columbia Español alongside a struggling Spanish film industry over the 2000s. Although it would be impossible to address all the intricacies and elements of filmmaking in Spain and Europe in this format, an exhaustive look at all levels of the Spanish and European film industries is not my intention. Instead, my goal is to describe the most salient commercial models within the Spanish film industry from various historical, political, economic, technological, and cultural elements most salient to my case study, Sony’s

LLP division. In turn, I utilize industry data, trade journals, popular press, film marketing, and field interviews to focus on the three major issues that emerged: 1) co-production financing, 2) television broadcasters as co-producers of feature length films, and 3) online piracy and theatrical distribution.

On a large level, this chapter deals with two key issues within culturally complex European media industries: 1) developing national media industry conditions and practices through co-productions, subsidies, television funds, and distribution, and 2) the interaction between national and regional media policies to protect local media and attract audiences. On a more focused level, this chapter will explore the short-lived Sony Spanish LLP division within the particular media environment. First, I will outline a brief history of the Spanish film industry from the 1920s to the 1990s around key policies, its relationship with Hollywood cinema, and its struggle to find sustainable financial, production, and distribution models. From the emergence of a commercial cinema in the 1990s, genre and language become methods for creating films aimed at trans/national markets.

The core of this chapter focuses on three key issues affecting the Spanish film industry and, in turn, Sony's LLP operation. The first section explores the reliance on co-production financing through national and regional subsidies for independent European producers. As part of the major transnational company, Sony Pictures Entertainment, Columbia Español was not eligible for a majority of the European public sector financing

nor was SPE interested in dealing with the legal or financial complexity of European co-productions. In contrast, I analyze Español's attempt to finance fully its first Spanish LLP, *Di Que Sí* (2004), during the early 2000s and its sole attempt towards international co-productions with the Italian-Spanish *Melissa P* (2005, dir. Luca Guadagnino). The next section discusses the position of private and public television broadcasters as film co-producers and the role of European and Spanish film policies creating this cross-media model. Here I examine Columbia Español's second LLP, *Salir Pitando*, as a product of both these policies and Sony's changing LLP role from full-financer to minority producer. The last section explores distribution challenges faced during the late 2000s due to online piracy, shrinking DVD sales, and declining domestic theatrical which is credited widely with why the Madrid division was closed. I outline the challenges Columbia Español's partners faced in trying to distribute the LLP outside of the national market as well as the internal conflict the Spanish production staff experienced working within the other Sony international divisions. Overall, Columbia's Spanish, and on a larger scale European, production strategies reflect its incompatibility with the state of national and regional industrial conditions and the current commercial co-production model.

Ideally, Spain would have served as a cultural linguistic crossroads between European and Latin American markets, a productive industry with a rich cinematic tradition and international selling power. Instead, what unfolded was a more complex

situation of changing market conditions and conflicting cultures of production. By the numbers, Sony's attempt to adapt a generic global production and distribution experiences for LLPs in Spain was modestly successful. Yet, the former President of Columbia Films Producciones Españolas, de Macedo, asked me: "Why the hell do you want to do a dissertation about something that did not have a chance to flourish?"³ From the point of view of those in the local industry, the Columbia Español experiment was a failure largely because of the strategy's incompatibility of adapting to Spanish and European film practices and conditions. While this case study explores the state of Spanish and European industry conditions in the 2000s, it reveals the story of Columbia Español trying to navigate and adapt a local production and distribution strategy that succeeded so well in Brazil into a new national/regional setting. The case study of Columbia Films Producciones Españolas is a contemporary analysis of the Spanish film industry and a battle to keep an audience. What emerges is a nationally-bound fixed LLP strategy that was unable to transverse a fluid Spanish film industry that operates simultaneously as national and European.

A HISTORY OF SPANISH CINEMA

Although celebrated internationally for the artistic and commercial achievements

³ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España. In general, many of the Spanish film professionals I spoke with had a similar reaction. Part of my part in the interview process became justifying my interest in their industry.

of filmmakers such as Pedro Almodóvar and Alejandro Amenábar, Spanish popular commercial cinema historically has struggled domestically for financing and audiences. With a country of forty-six million, around twenty percent of Spain's population visit a movie theater monthly. Yet, the market share of Spanish films remains around ten percent as compared to the English-language films that historically have dominated the 3,874 screens of this local market.⁴ Although Spain may be one of the most active film industries in Europe producing between 100 and 176 local projects during the 2000s, their audiences for both theatrical and home entertainment are disappearing. Many challenges for Spanish media industries are symptomatic of the larger economic stagnation reshaping the national climate with unemployment reaching twenty-one percent nation-wide and forty-five percent for Spanish youth in 2011.⁵

For Sony Pictures Entertainment, these economic conditions directly effect the company's declining position and participation within the Spanish market. When SPE established Columbia Español in 2001, together with Sony Pictures Releasing International España, the company released eighteen local films and forty-seven English-language and non-Spanish-language films within Spain the following year. Although SPE focused the majority of their operations in Spain on marketing and distributing their English-language content, in the early 2000s the establishment of a LLP operation along

⁴ Chris Evans, "The Pain in Spain," *Screen International* (10 February 2011) accessed online (15 February 2011).

⁵ Sarah Rainsford, "Spanish Vote Amid Mass Protests," *BBC News* (22 May 2011) accessed online (1 July 2011).

with increased acquisition and distribution of local films showed that the company was approaching the market with a more localized and multi-faceted strategy using local language content to capture Spanish audiences. However, this change in production and distribution strategy proved to be temporary. After 2007, when the Spanish LLP division was shuttered, SPE distributed between two and five local films and less than twenty-five English-language films through theatrical release.⁶ Even though SPE's peers such as Warner Bros. and Fox continue to co-produce and release three or four local films in Spain each year, general expectations for making a Spanish blockbuster and capturing three to four million spectators are low with the film producers and distributors I interviewed in Madrid.⁷

In turn, in order to understanding Columbia Español within the contemporary Spanish film industry, this section outlines a brief history of key policies, institutions, movements, and individuals that shaped Spanish cinema during the twentieth century. The story of this industry follows battles over national identity, private versus public funding mechanisms, cultural protectionism, trans/national audiences, and Hollywood's dominant presence. Before entering a discussion of Columbia Español and Sony's participation in local production, I will outline a brief historical overview and key developments in the industry since the 1920s to the contemporary Spanish film industry.

⁶ see ICAA website for data: "Boletín Informativo de Cine: Producción, distribución y exhibición de películas." <http://www.mcu.es/cine/MC/BIC/2009/Portada.html>

⁷ Ivan Losada, Sony Pictures Releasing Spain, interview by author, 18 January 2011, Madrid, España.

Not surprisingly, American film studios and later transnational media companies directly and indirectly figure into this history. The long contentious battle between Hollywood and European film industries is well-known and discussed in academic literature and is valuable to understand in the context of the Spanish cinema.⁸ Yet, how this relationship vacillated between imports/exports, protectionist policies and institutions, censorship, and cultural exchanges across the twentieth century deeply shapes the Spanish film industry today.

Early Spanish cinema was funded mainly through private production companies producing sixty films per year in the late 1920s. Driven by a number of growing Barcelona- and Madrid-based studios, the Spanish film industry had a “strong domestic following” with early films about bullfighting, nineteenth-century romantic plays, and Spanish literary adaptations.⁹ Yet by the late teens and early 1920s, U.S. studio films accounted for more than 50 percent of Spanish market share with Columbia Pictures having a strong distribution presence with their English-language films.¹⁰ The

⁸ See Thomas Guback, *The International Film Industry: Western Europe and America Since 1945* (Bloomington: Indiana University Press, 1969), Higson and Maltby; Peter Lev, *The Euro-American Cinema*. (Austin: UT Press, 1993); Kristin Thompson, *Exporting Entertainment: American In The World Film Market 1907-1934* (London: BFI publishing, 1985); Jake Horsley, *Dogville vs. Hollywood: The Independents and the Hollywood Machine* (London: Marion Boyars Publishers, 2005); Thomas Elsaesser, *European Cinema: Face To Face With Hollywood* (Amsterdam: Amsterdam University Press, 2005).

⁹ Phillip Williams, “The New Spanish Cinema,” *MovieMaker: The Art and Business of Making Movies* (29 September 2002) accessed online (15 July 2009).

http://www.moviemaker.com/directing/article/the_new_spanish_cinema_3329/

¹⁰ As a solution to exporting internationally with the challenge of sound technologies, studios such as Columbia and Universal produced Spanish-language versions of many of their English-language films using the same sets and stories but different cast and crew. Thompson: 131 &161; ICAA website, “Base de

introduction of sound into Spain in 1931 coincided with the abdication of King Alfonso XIII, general elections bringing new challenges, and a new studio structure to Spanish cinema. Between 1931 and 1936, known as Spain's Second Republic, two important production studios emerged—CIFESA (Compañía Industrial Film Español S.A.) and Filmófono—aligning themselves with the Conservative and Liberal political parties, respectively.¹¹ In reference to the productivity of both studios, Marvin D'Lugo suggests “it is possible to speak of a boom in national cinema in Spain, spurred in part by the extraordinary support of Spanish films by the general populace.”¹²

Between 1936 and 1939, Spain experienced a Civil War sparked by General Francisco Franco's military uprising against the elected left-wing coalition. In response to Franco and his Nationalist party's victory, the newly appointed dictator embraced an autarky, “a policy that attempts to create a self-sufficient national economy entirely insulated from international trade.”¹³ In turn, the cultural repression and censoring experienced by the Spanish people included submission to one language, one Church, one political party, and one cultural agenda. This “self-sustainability” extended to the film industry through major government oversight, restructuring, and “corrections” or cuts to

datos de películas calificadas”.” accessed January 13, 2011.

<http://www.mcu.es/bbddpeliculas/cargarFiltro.do?layout=bbddpeliculas&cache=init&language=es>

¹¹ Nuria Triana-Toribio, *Spanish National Cinema* (London: Routledge, 2002): 21.

¹² Marvin D'Lugo, *A Guide to the Cinema of Spain* (UK: Greenwood Press, 1997): 6.

¹³ Tatjana Pavlović, Inmaculada Alvarez, Rosana Blanco_Cano, Anitra Grisales, Alejandra Osorio, and Alejandra Sánchez, *100 Years of Spanish Cinema* (Malden, MA: Wiley-Blackwell, 2009): 60.

finished films.¹⁴ Specifically, the government began a strategy of direct involvement through the creation of the National Department of Cinematography (DNC) in 1938 and Institute for Cinematic Investigation and Experimentation (IIEC) in 1947. Franco sought to cut off any exchange between Spain and other film industries in the 1940s by tightly controlling the “Spanishness” of the national cinema from production to reception. Due to their Republican political views, CIFESA survived the war to become one of the most important production companies in the 1940s, producing high-budgeted literary adaptations and dramas that adhered to Franco’s forced and tightly controlled national imagined community.¹⁵

While the autarky¹⁶ tried to create “a self-sufficient Spanish cinema, sealed off from foreign influence and input,” Nuria Triana-Toribio argues this plan was impossible. She claims this because “much Spanish cinema production had taken place [in other parts of Europe], because internal production inevitably drew on imported genres, and because funding of Spanish-made films was directly tied to the lucrative business in import licenses for foreign films.”¹⁷ This artificial containment and engineering of a national cinema was unrealistic. This is particularly true on a financial level since film companies made more money off distributing the highly taxed foreign films than

¹⁴ Rob Stone, *Spanish Cinema* (Harlow, England: Longman, 2002): 37.

¹⁵ Pavlović, et al., 63; Triana-Toribio, 55.

¹⁶ Michael Richards describes the “autarky” in the form of policies implemented during the Franco era to obtain national economic self-sufficiency; Richards, “Constructing the Nationalist State: Self-sufficiency and the Regeneration in the Early Franco Years,” *Nationalism and the Nation in the Iberian Peninsula: Competing and Conflicting Identities* eds. Clare Mar-Molinero and Angel Smith (Oxford: Berg, 1996): 149.

¹⁷ Triana-Toribio, 52.

producing Spanish projects. These highly regulated and protectionist policies seemed only to strengthen the dominance of Hollywood films.

The following decades saw the rise of a new production company, Suevia Films, a turn towards film comedies, the rise of a new generation of filmmakers, and the governmental opening of a space for oppositional and international cinema.¹⁸ While the 1950s brought international recognition by the United Nations and the economic liberalization and modernization due to a technocratic restructuring of Franco's cabinet, the 1960s introduced the First Economic Development Plan to develop tourism and encourage international investment.¹⁹ The Spanish film industry was not only opening up politically but also to international financing, production, and styles. Subsidies available for individual films amounted to 15 percent of the total budget, with an additional 25 percent available to higher budget projects.²⁰ Because of the heavily state-subsidized cinema, the films of this period were criticized for being elitist and out of touch with the mass Spanish audience. In contrast, under new special protections and funding for "quality" films, the New Spanish Cinema movement emerged, greatly influenced by Neo-realism and other international film movements. Furthermore, Spain was now attracting a number of American and British runaway productions. These included spaghetti westerns and Hollywood superproductions such as Anthony Mann's *El Cid*

¹⁸ Pavlović, et al., 83-84.

¹⁹ Ibid, 81 & 104.

²⁰ Catherine Fowler, *The European Cinema Reader* (London: Routledge, 2002): 225.

(1961) and Nicholas Ray's *King of Kings* (1961) filmed in Spain due to cheap production costs.²¹

Although the country experienced increasing political and cultural backlash against the government regime into the 1970s, Franco's death in 1975 marked the official transition from dictatorship to democracy and reinstatement of a monarchy. This period impacted the film industry by the softening of film censorship and the revoking of screen quotas for domestic and international films. Even though a small percentage of Franco-era production subsidies remained, the opening of distribution and exhibition policies resulted in a flood of English-language films that found Spanish films struggling for audiences.²² Due to the relaxation of quotas and censorship, the number of films Columbia Pictures imported to Spain greatly increased during this period as Hollywood saw Spain as a newly open market to exploit.

In the 1980s, a major restructuring of film policies and institutions took place under the socialist government, *Partido Socialista Obrero Español* (PSOE). Pilar Miró, one of the country's most prominent female filmmakers, was appointed director general of cinematography and quickly passed the Ley Miró (Miró Law) in 1982. As a protectionist measure, the law introduced state subvention in the form of grants for Spanish filmmakers to produce "quality" films to compete in the Hollywood dominated domestic box office. Definitions of "quality," set by Miró and the various government

²¹ Pavlović, et al., 110.

²² Ibid 127-130; Triana-Toribio, 108.

agencies she formed, typically translated to high budget literary adaptations that incorporated nation-building themes.²³ Esteve Riambau describes the films of “El periodo ‘socialista’” between 1982 and 1995 as reacting “to the sum of these parameters (auteur film + genre + literary adaptation + star system + formal look) in different proportions but with an identical desire for polyvalence.”²⁴ Critics labeled these films elitist and homogenous whereas the Miró Law echoed 1940s Franco policies of building a national cinema linking quality to economic cost.²⁵ Furthermore, these films were expected to travel well internationally since by definition a “good” film had to succeed in both a national and transnational market. As I will discuss throughout this chapter, this is an expectation that still exists for Spanish and European commercial cinema today. Yet, the 1980s “quality” films of Carlos Saura and Mario Camus performed better at international film festivals of Berlin and the U.S. Academy Awards than with their domestic audience.²⁶ As well, while the market share of Spanish film remained around 10 percent, the share of English-language Hollywood films increased from 56 percent to 72 percent by the end of the decade.²⁷

Furthermore, national and regional regulatory bodies impacted film policies and

²³ Pavlović, et al., 144; Triana-Toribio, 112-3.

²⁴ Esteve Riambau as quoted in Pavlović, et al., 154. However, it should be noted this does not constitute all Spanish cinema during the Socialist Period. Low budget and experimental movements countered these trends. Most notably, the independent and politically transgressive early films of Pedro Almodóvar exemplified the “Movida” counter-cultural movement of Madrid during this period.

²⁵ Triana-Toribio, 115-7.

²⁶ Triana-Toribio, 113-4. Pavlović, et al., 155.

²⁷ Esteve Riambau, “Public Money and Private Business (Or How To Survive Hollywood’s Imperialism): Film Production In Spain (1984-2002),” *Cineaste* (Winter 2003): 58

institutions from film subsidies to co-production practices. Established in 1984, the Instituto de la Cinematografía y de las Artes Audiovisuales (ICAA) became the central film institution under the Spanish Minister of Culture and oversaw subsidies, awards, legislation, development, co-production treaties, screen quotas, etc. ICAA further restructured national film mechanisms towards more automatic subsidies that rewarded box office results and encouraged European co-productions. In 1986, Spain was integrated into the European Community (EC). As I will discuss in the following section, Spanish filmmakers now had financial, creative, and market access that expanded the resources and reach of their national cinema. By the late 1980s, a new director general of cinematography pushed the film industry toward free market thinking, private funding, and self-regulation. Spain's integration into the European Community was believed to solve the problems described above by creating a more commercial cinema oriented towards the regional market. Even with a push toward privatization, commercially viable projects, and integration into a larger regional market, Tatjana Pavlović, et al. argue, "the end of the socialist period is seen as a moment of profound crisis for Spanish cinema: lavish state subsidies drained budgets; an industrially weak Spanish film industry was incapable of challenging the domination of American cinema; and the arrival of private-sector television in the 1990s only exacerbated the crisis."²⁸ The number of films under the Miró Law actually decreased per year and more than half of Spanish films earned less

²⁸ Pavlović, et. al, 155.

than the amount subsidized by the government (startling since the subsidies could not exceed more than 50 percent of the budget).²⁹ In response, Spanish government funding schemes underwent a number of changes under the 1994 Ley de Cine [Cinema Law] including removing the production subsidies system, adopting automatic subsidies based on box-office performance, and reserving advanced subsidies for first-time directors.³⁰ A self-sustainability model is further pushed upon the 1996 victory of the conservative *Partido Popular* (Popular Party) that supported cultural policies based on ‘deregulation and commercial viability.’³¹

Since the 1990s, Spanish commercial filmmaking is redefining earlier notions of a national cinema. Spanish cinema witnessed an influx of new directors constructed around the idea of the commercial auteur with the success of films attracting over one million spectators such as Almodóvar’s *Todo Sobre Mi Madre* (1999), Amenábar’s *Abre Los Ojos* (1997), Fernando Trueba’s *Belle Epoque* (1992), and Álex de la Iglesia’s *La Comunidad* (2000). Emphasized in industry interviews and academic literature, writers, producers, filmmakers, and distributors developed a more commercial Spanish cinema or “shift towards the popular” with trans/national appeal.³² For example, Sony Pictures Classics distributed both *Belle Epoque* and *Todo Sobre Mi Madre* in the United States.

²⁹ Riambau, 59.

³⁰ Triana-Toribio, 144; Pavlović et al., 243.

³¹ B. Jordan, “The Spanish Film Industry in the 1980s and 1990s,” *Contemporary Spanish Cultural Studies* eds. B. Jordan and R. Morgan-Tamosunas (London: Arnold, 2000): 188 as quoted in Triana-Toribio, 144.

³² Albert Mira, “Introduction” *The Cinema of Spain and Portugal* (London: Wallflower Press, 2005): 10.

They performed well for Spanish-language art house films grossing \$5.4 and 8 million, respectively.³³

Unlike the glossy, high budget literary productions supported by the national and regional policies in the 1980s, contemporary industry professionals I interviewed emphasize commercial viability through audience accessible genres such as horror, thrillers, historical dramas, and comedy as well as multi-lingual filmmaking. Some of the most successful box offices releases domestically and internationally have been the horror film *El Orfanato* (*The Orphanage*, 2007, dir. Juan Antonio Bayona) and the *Torrente* dark comedy series about a racist, misogynistic former cop who patrols the streets at night. Many of the local producers and distributors I interviewed expressed a similar focus on genre pictures when looking for projects to develop and in which to invest. Morena Films independent producer, Pedro Uriol, believes genre

helps the audience to understand what you are selling. But this is not enough. You have to give them genre with an edge with characters. With something different that usually Hollywood movies are not able to give the audience . . . we can talk about more specific cultural questions and issues than the Americans.³⁴

Instead of merely borrowing international genres or Hollywood modes of production, differentiation comes from transnational genre traditions grounded in the cultural specificity of Spanish film practices, literature, and storytelling.³⁵ The films of this

³³ Box office data via boxofficemojo.com

³⁴ Pedro Uriol, Morena Films, interview by author, 28 January 2011, Madrid, España.

³⁵ Yet, Spanish filmmakers have to deal with the local problem of their films categorized as a genre on to themselves. Despite the genre, story, style, or scope of a film, many times audiences segregate all local

period exemplify “the fact that the idea of national cinema has increasingly become a decentered concept, working within a variety of transnational networks of production, distribution, and exhibition in the entertainment field.”³⁶ This is nowhere more evident than in a redefining of Spanish commercial cinema through the boundaries of language.

While Spanish films may range from Castellano (Spanish-language) to Catalan, English-language Spanish productions are becoming more common.³⁷ As Anne Jäckel suggests, “every significant film-producing country where English is not the first language is now making films in the English language. In many cases, the state is both directly and indirectly supporting the development of internationally oriented cinema.”³⁸ For example, Amenábar’s English-language co-production *Los Otros* (*The Others*, 2001) starred Nicole Kidman as a British post-war widow living in the English countryside with her children in a house of spirits. The film benefited from national production subsidies

language films into a broad category simply known as Spanish cinema; Pablo Noguerones, Warner Bros. Spain, interview by author, 28 January 2011, Madrid, España interview.

³⁶ Vicente Rodríguez Ortega, “Trailing The Spanish Auteur: Almodóvar’s, Amenábar’s and de la Iglesia’s Generic Routes In The U.S. Market” in *Contemporary Spanish Cinema and Genre*. eds. Jay Beck and Ortega. (Manchester: Manchester University Press, 2008): 52.

³⁷ The dominant Spanish film language is highly debated issue within the national and local cultural industries today. The majority of films are produced in the most widely spoken of Spain’s official language, Castellano, as opposed to the country’s three other official languages of Catalan, Basque, and Galician. In the case of the Catalan region (one of the most thriving media capitals in Spain right now), the local film industry and commission recently passed a law requiring all films (Spanish, European, or international) to be dubbed into the local dialect. This makes Catalonia one of the only regions with legally enforced local language dubbing whereas in other regions around the world it is up to the distributors’ discretion when, how, and if to dub. Many in the national Spanish industry (both MPA members and independent producers) are fighting this rule for fear of further fracturing an already weak national market; Olivier Dock, MPA Europe, interview by author, 3 February 2011, Brussels, Belgium; Pablo Noguerones, Warner Bros. Spain, interview by author, 28 January 2011, Madrid, España interview.

³⁸ Jäckel, 63; This practice is reminiscent of the English-language European co-productions of the 1960s and 1970s as discussed in Peter Lev’s *Euro-American Cinema* and Thomas Guback’s *The International Film Industry*.

and attracted over six million Spanish spectators.³⁹ Other English-language Spanish thrillers include Álex de la Iglesia's *Oxford Murders* (2008), Rodrigo Cortés's *Buried* (2010), and Amenábar's *Ágora* (2009), the top grossing local film of 2009. With posters placed strategically around the ICAA office and multiple references to it from staff members, *Ágora* is held as a recent successful, albeit bloated, case of contemporary commercial cinema. Shot in Malta with an international cast, and filmed in English, the film continuously came up in my field research and conversations about the fluidity of "Spanish" cinema to be big budget, transnational, and commercial.⁴⁰ Vicente Rodríguez Ortega explains, "the Spanishness of [Amenábar's] films is a marketing strategy to function productively in both the national and international markets. His use of different generic discourses acts as the ultimate facilitator to accomplish such as goal."⁴¹ Amenábar's flexible use of genres such as gothic horror, thriller, and historical drama as well as English and Spanish language marks a fluid shift in the narrative and industry practices of this trans/national cinema that I emphasize throughout this chapter.

³⁹ ICAA, "Cine Español Tendencias 1996-2003" (2003) accessed online (10 January 2011). <http://www.mcu.es/cine/IN/estadisticas/index.html>

⁴⁰ This is a change from the early 1990s when Spanish filmmakers at the conference Audiovisual Español 93 "urged the government and, more specifically, the current minister of culture, Jordi Solé Tura, to introduce a new audiovisual law to protect it from the total domination of Spanish screens by Hollywood movies and by North American multinational distributors and from the 'europuding' [sic] coproductions of the new European community that threaten to erase the cultural specificity of Spain and its diverse autonomous regions" Marsha Kinder, *Blood Cinema: The Reconstruction of National Identity in Spain* (Berkeley: University of California Press, 1993), 441. as quoted in Betz, 18-19.

⁴¹ Ortega, 52.

While Spanish filmmakers are increasingly embracing internationally recognizable genres, Amenábar's individual success does not reflect the overall health of the industry during the late-2000s. The market share for Spanish films has fluxuated from 9 percent in 1996, over 17 percent in 2001 and back to 9 percent in 2010. I conducted my fieldwork during a particularly tenuous period in the Spanish film industry. As I tried to understand the position of Columbia Español and its partnerships, the declining health of the industry colors the history of the 2000s. Struggling Spanish film institutions and individuals struggling with the economic recession, technological transformations, and shifting national audiences should mark a break from earlier discussions of brand name filmmakers and protecting a particular Spanish film culture. The reality for most independent film companies is different. For independent producers and distributors, even with expanding subsidies and co-production options, local private financing, productivity, and distribution bottlenecks have presented challenges over the past decade. Manuel Monzon, executive producer at Vertice Cine, describes local financing in terms of: "even when you have a good project that is interesting to the international market, you've already gained approval from the government for the national subsidies, sold the rights to TV, and set up co-production agreements, most of the banks are still not willing to discount the financing" or provide favorable credit lines for film production.⁴²

⁴² In the current period, Spanish filmmakers are forced to apply for credit directly from banks. Chris Evans. "The New Face Of Spain." *Screen Daily* (10 February 2011) accessed online (1 February 2011). <http://www.screendaily.com/reports/territory-focus/the-new-face-of-spain/5023317.article>

Furthermore, if a producer manages to find the financing for a film, there are no guarantees the company can plan for a next one. On average an independent production company may make one film per year or one film every five years. Due to difficulties producing subsequent films, many producers claim Spanish film does not even constitute an “industry.” Pablo Noguerones, the Warner Bros. General Manager based in Madrid, explained:

Often times you have a guy make one movie and then you don’t see him for five years . . . to raise money to make another movie. And this guy is only living out of the executive production paying his salary and overhead. There is no industry as such. You can count it with your hand the producers [such as Morena Films and Mod Producciones] that are active and have in production a production structure.⁴³

Independent films have to fight for release dates and distribution deals. Where there was once a selection of independent distributors outside the international options of Warner Bros., Universal, Columbia, etc., today many of the largest independent distributors currently are filing for bankruptcy, and smaller local production companies cannot find adequate funding due to the recent global economic recession.⁴⁴ As this chapter suggests, this unpredictable industry climate shaped the short period of Columbia Español’s production operation.

⁴³ Pablo Noguerones, Warner Bros. Spain, interview by author, 28 January 2011, Madrid, España interview.

⁴⁴ Chris Evans. “Hollywood Dominates Spanish Box Office In 2011.” *Screen Daily* (7 January 2011) accessed online (1 February 2011). <http://www.screendaily.com/news/europe/hollywood-dominates-spanish-box-office-in-2010/5022090.article>

A HISTORY OF COLUMBIA ESPAÑOL

As Sony Pictures Entertainment refocused its international operations through localized production strategies, their participation in the Spanish film industry shifted across its various divisions. From a domestic perspective, Columbia/SPRI began strategically to distribute more Spanish films in the 1990s for local audiences such as *Airbag* (1997, dir. Juanma Bajo Ulloa), *El Abuelo* (*The Grandfather*, 1998, dir. José Luis Garci), and *El Palo* (*The Hold-up*, 2001, dir. Eva Lesmes).⁴⁵ On a transnational level, specialized arthouse distribution divisions and independent distribution began to exploit the international profile and appeal of many of these directors. Sony Pictures Classics, the “foreign” and arthouse distribution division of Sony Pictures Entertainment, established a relationship with Almodóvar and has distributed many of his films internationally such as the Academy-Award winning *Todo Sobre Mi Madre* (*All About My Mother*, 1999), *Habla Con Ella* (*Talk to Her*, 2002), and, more recently, *La Piel Que Habito* (*The Skin I Live In*, 2011).

As Sony’s production and distribution strategies succeeded in other territories such as Brazil, the international division began to expand its LLP model. Madrid was chosen as a new location for a LLP operation due to the strong domestic box office around 2000 and successful acquisition and distribution of Spanish films by other SPE divisions such as Sony Pictures Classics. Sony Pictures Entertainment executives brought

⁴⁵ ICAA website. “Películas Españolas con mayor número acumulado de copias comercializadas” accessed online (10 January 2011). <http://www.mcu.es/cine/CE/Actualidad/Actualidad.html>

de Macedo, then Vice President of Production for Columbia TriStar International Television in Latin America, to open a film production office in Spain in 2001. Instrumental in reorganizing local language productions for film and television in Brazil, she became the President of Columbia Films Producciones Españolas based in Madrid. Sony expanded LLP operations to Spain because, according to de Macedo, “at the time, Spain was a very dynamic market . . . there were a lot of subsidies and [Sony tried] to replicate the marriage of talent and distribution we had in Brazil.”⁴⁶

Strength of the market included the local performance of Spanish films. Between 2001 and 2003, five local films achieved more than 1 million admissions.⁴⁷ According to Columbia TriStar Motion Pictures Group President at the time, Gareth Wigan, “our financial goal is for the films to show a profit in their own territories . . . we are not here to steal Spanish talent but to support it and give it work here.”⁴⁸ Columbia Español structured their production strategy in order to partner with leading Spanish production companies within the local industry.

As I will outline in the remainder of the chapter, the original business model for Spain changed over time. Initially, Sony planned to finance fully the Columbia Español projects, identify film projects, and work with independent producers from the local office. This strategy produced Columbia Español’s first film, *Di Que Sí* (2004, dir. Juan

⁴⁶ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

⁴⁷ *ibid.*

⁴⁸ Pamela Rolfe, “Next Stop On SPE Co-production Journey: Spain,” *Hollywood Reporter* (25 September 2001) accessed online (15 February 2011).

Calvo). However, by 2005, Sony international altered and expanded their production model in Europe. The Madrid office expanded to become Sony's European production headquarters for the region with de Macedo and her office overseeing co-productions in Spain, France, and Italy. Then, by 2007, the production model in Spain changed again as Columbia Español co-produced *Salir Pitando* (*Blinkers*, 2007, dir. Álvaro Fernández Armero) as a minority producer with Morena Films. The same year Sony Pictures Entertainment consolidated its international production offices under one division, Sony International Motion Picture Production Group, located in Los Angeles. Shortly after, this international division closed the Spain office and moved the European production headquarters back to Germany. Today, the Spain Sony operation remains solely as a distribution arm of the Sony Pictures International group, acquiring and distribution two to five local pictures per year within the Spanish market.⁴⁹ In contrast, Sony's Spanish distribution operation releases twenty to twenty five English-language films annually.

The remainder of this chapter will explore Columbia Español's LLP operations in Spain against the backdrop of a changing trans/national film industry through three sections: 1) co-production practices and film subsidies in contrast to Columbia Español's first LLP, 2) the role of regional and national policies and television broadcasters in local productions in relation to Columbia Español's second Spanish LLP, and 3) reasons why the division left against the context of the declining distribution windows, online piracy,

⁴⁹ Ivan Losada, Sony Pictures Releasing Spain, interview by author, 18 January 2011, Madrid, España.

and internal conflicts. Overall, between 2001 and 2007, Sony Europe production headquarters co-produced two films in Spain, two films in France, and one film in Italy under the watchful eye of Los Angeles executives.⁵⁰ This chapter explores the reality of national/regional cross-border movements through specific policies, funding, co-production practices, and examples of media convergence in relationship to Columbia Español's nationally-bound LLP strategy.

SUBSIDIES AND “PATCHWORK” FUNDING PRACTICES

As illustrated by the various European industry professionals I interviewed, Spain is a highly subsidized film industry dependent on funding flowing from multiple geographical spaces across 1) city and state institutions, 2) national institutions, and 3) regional institutions. Independent producer, Christiaan Weiland, describes the situation in most EU countries as assembling “a patchwork of small sums of money” that add up to a €3-10 million film budget.⁵¹ Patchwork is an apt descriptor for financing Spanish cinema. The majority of the funding for development and production originates from various local, national, and regional public institutions with the intent to stimulate and grow the Spanish industry.

⁵⁰ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España; Pedro Uriol, Morena Films, interview by author, 28 January 2011, Madrid, España.

⁵¹ Christiaan Weiland, Independent Producer, interview by author, 4 February 2011, Brussels, Belgium.

This section will provide an overview of the funding mechanisms and co-production practices standard for commercial filmmaking today in Spain. However, when Columbia Español opened in the early 2000s the operation chose not to adapt to local models and initially developed a different production model. In general, a tension exists between mixed industry practices and Sony's initial LLP strategy exemplified through the films *Di Que Sí*, *Melissa P*, and the "Hollywood process."

Thus, the purpose of this section is to outline production systems and trends available within Spain and, more generally, in Europe. As the size, scale, and location of these local and international co-productions continue to blur a number of industrial borders, increased tensions develop between definitions of local on the policy level and the conditions of the increasingly globalized industry. Whether defined by financing sources, geography, or language, the category of "local" production is becoming more and more flexible as both English-language films or international co-productions among four different European countries are classified as Spanish. From the view of a company like Columbia Español as a division of SPE, this is a complicated and contradictory media climate.

Anne Jäckel describes the various sources of private and public support available to European productions. Private sources can include corporate finance (private investors and banks), equity finance, pre-sales of distribution rights, co-production finance, and

sales of television and home video rights.⁵² Public sources of financing include direct investment through grants, soft loans or credits, and lines of credits and advances secured against box office receipts. While a number of academic sources have examined these various mechanisms in detail, for the purposes of this project, I will focus on the funding sources most relevant to the period of Columbia Español LLPs and the ones that came up most often in my field interviews.⁵³ In this section, I will focus on examples of public sources available to European producers for co-production financing, while the following two sections will examine private sources of funding such as television pre-sales and investment as well as home video rights.

A financing and creative co-production system is central to producing small, independent or large budget, commercial Spanish films. Local and international co-productions have been a common practice within Spain, and more generally Europe, since the end of World War II. Thomas Guback argues that by 1966 “the purely national film had been eclipsed by the co-production in the largest markets of Spain, France, Italy, and Germany.”⁵⁴ For example, the Spanish industry produced 133 films in 1965 and over half were international co-productions. By the time Sony opened a production office in

⁵² Jäckel, 44.

⁵³ For more detailed discussion of European film financing see: Guback; Jäckel; Alejandro Pardo, *The Europe-Hollywood Coopetition: Cooperation and Competition in the Global Film Industry* (Pamplona: Universidade de Navarra Press, 2007); Mary P. Wood, *Contemporary European Cinema* (London: Hodder Arnold Press, 2007).

⁵⁴ Guback: 182.

Madrid around 2001-2002, 37 to 41 percent of films produced annually were classified as co-productions funded by multi-nation entities.⁵⁵

The central film subsidy comes from national, Spanish institution, ICAA, and is divided into two types of support: 1) *selected support* – granted before the film is produced, and 2) *automatic support* – based on box office performance and given after the film is released. According to Rosario Alburquerque, Director General of Promotion and International Relations, a committee allocates the funds “based on quality of script, curriculum of director, track record of producer, viability of the production, and other considerations such as if written or directed by a woman.”⁵⁶ At the time Sony entered the Spanish market in 2001, selective support did not exceed \$300,000 and automatic support ranged from 15-25 percent of “the gross revenue generated by the film in Spanish cinemas in the first two years after its release.”⁵⁷ Released in the form of an amortization subsidy, these funding awards are given directly to the banks who granted loans to the production company. The automatic award depends on other support it has received from ICAA while the selected support is given before the film is produced. Ultimately, the total amount received from ICAA could not “exceed 75 percent of the production

⁵⁵ Anne Jäckel suggests “co-production is a much abused term: it may refer to any form of co-financing (a pre-sale to a television channel, theatrical distributor or foreign territory) or creative and financial collaboration between various producers (including broadcasters)” 58-9. Typically when the Spanish film board, ICAA, uses the term “co-production” it signifies a production involving more than one country with financial involvement. I am using the term co-production more loosely to indicate a film produced with more than one production company, whether only located in Spain or an international mixture.

⁵⁶ Rosario Alburquerque, ICAA, interview by author, 25 January 2011, Madrid, España.

⁵⁷ Susanne Nikoltche, “National Film Production Aid: Legislative Characteristics and Trend” *IRIS Plus Legal Observations of the European Audiovisual Observatory* Issue 2001, 4 (April 2001): 6.

company's investment nor 50 percent of the overall cost of the film.”⁵⁸ In 2011, subsidies can average up to €1.2 million per film production.

In order to find the rest of the funding, Spanish producers may look to other support from local film commissions or regional European institutions. City or state support is just as important as national subsidies offered by ICAA in assembling a patchwork of funding. On the local level, state film commissions such as Catalonia and Valencia have tax credits ranging from 10 to 20 percent of a film's budget.⁵⁹ In recent years, both states received attention for attracting Alejandro González Iñárritu's *Biutiful* (2010) or English-language Spanish productions such as Rodrigo Cortés's *Buried* (2010) and Woody Allen's *Vicky Cristina Barcelona* (2008). Because public subsidies and support operate around the growing media capital Barcelona, Catalonia is considered the healthiest media region in Spain.

Furthermore, regional institutional funds such as the European Union's MEDIA program and Council of Europe's Eurimages provide another layer of public support. Director of the EU's MEDIA program, Aviva Silver, describes these regional, national, and local subsidies as “corrective measures” necessary for independent production companies to balance inequality of resources of well-established international studios and conglomerates (Sony, Warner Bros., etc.). For Silver, the effort behind these funding

⁵⁸ *ibid.*

⁵⁹ Pedro Uriol, Morena Films, interview by author, 28 January 2011, Madrid, España; Chris Evans, “Co-Producing With Spain,” *Screen Daily* (10 February 2011) accessed online (17 February 2011) <http://www.screendaily.com/reports/territory-focus/co-producing-with-spain/5023318.article>

mechanisms is to protect local film in Europe in which many smaller countries would not have an industry without these subsidies. Unlike the tax incentive system in Brazil, Columbia Español as part of a major international media company is not eligible for MEDIA or Eurimages program funding. While many of these companies argue “their films are local,” as discussed in Chapter Three, Silver contends they are not “local” due to their vast financial power and historical presence. Disputes over what counts as a local or Hollywood co-production reflect, for example, a battle between the MEDIA program and The Weinstein Company. For a U.S./German co-production, the Weinsteins co-financed *The Reader* (2008, dir. Stephen Daldry) with Studio Babelsberg. The Weinsteins are still fighting their eligibility for MEDIA funds and disagree with the EU’s definition over what constitutes a local and independent film production.⁶⁰

Dating back to “Film Europe” in the 1920s, these “patchwork” sources for private and public funding were created to protect the local cultural content and expand the market share. The multi-layered nature of these funding schemes reveal the complex nature of film production within the European Union and how underlying battles between definitions of commercial and art, Hollywood and local, national and international borders still drive many of these programs and industry professionals. Instead of engaging with these protectionist and developmental mechanisms mostly due to ineligibility, Sony’s strategy involved sidestepping these European systems completely in

⁶⁰ Aviva Silver, MEDIA program, interview by author, 3 February 2011, Brussels, Belgium. At this point, it is not clear whether Harvey Weinstein and company plan to sue the MEDIA program over the subsidy.

order to undertake producing local commercial content. What resulted was Columbia Español's first Spanish LLP produced within the industry but emerging in contrast to "patchwork" funding practices.

Former head of Columbia Films Producciones Españolas, de Macedo emphasized many of the Spanish production practices and how Sony decided to operate its Madrid office differently stemmed from an attempt "to replicate the marriage of talent and distribution that we had in Brazil but now fully financed by Sony."⁶¹ Instead, the business model led Columbia Español to rely on its Los Angeles headquarters for financial and creative support. Columbia Español did not have the flexibility nor need to access these various financial sources as part of this co-production system available to their creative partners. First, Columbia Español does not qualify for many of the subsidies available to independent producers in the local industry nor was it interested in fighting to secure those subsidies. Second, the company was not accustomed to the subsidized co-production partnerships in Europe or, as de Macedo describes, "dealing with subsidies is so foreign to the legal structures of the studios."⁶² At that point in 2001, the LLP model was 1) studio financed films and 2) based on one fixed territory.

Di Que Sí, an opposites-attract romantic comedy, was the first Spanish film under this division and co-produced with partner, Zebra Producciones. Run by three Spanish

⁶¹ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

⁶² *ibid.*

producers and screenwriters, Zebra Producciones is an independent film and television production company with facilities in Madrid and Gijón.⁶³ For the project, Columbia Español contributed financing and prints and advertising costs. Sony Pictures Releasing distributed the film in theaters and Sony Pictures Home Entertainment released the DVD. In order for de Macedo and her office to produce *Di Que Sí*, they had to participate in what she calls “a Hollywood process.”

SPE executives gave notes on scripts and how to polish and style the set design. They also relied on a “bloated” prints and advertising budget to market the film (overspending in respect to Spanish industry marketing standards) and a studio chain-of-command greenlight process.⁶⁴ Specifically, de Macedo recalled having to visit the film set and make prop changes that would make the production set look more expensive, more “Hollywood,” and more like a Sony product.

This “Hollywood process” is apparent in two ways. First, the relationship with the Spanish subsidiary from the financial and contractual side of the productions remained highly micro-managed by Sony’s international production headquarters in Los Angeles. For example, in order to receive approval or to “greenlight” the project, the head of Spanish production (de Macedo) and the local Sony general manager traveled to Los Angeles to pitch the business plan including budget, package, and talent to SPE CEO

⁶³ Unfortunately, I was not able to secure an interview with a Zebra Producciones professional.

⁶⁴ Although produced in Spain with local talent, many in the industry, such as the lead actress Paz Vega, considered the film to be a “Hollywood” film. Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

John Calley and various SPE division heads including Accounting, Distribution, International Production (Gareth Wigan), and Television.⁶⁵ Much of the decision-making occurred outside of Madrid by a number of executives not actively working in the local industry. Second, in working with Zebra Producciones, the Madrid office not only had a central management and financial role but also a creative role. In decision-making, as both co-producer and distributor, Columbia Español had complete access to the editing room with de Macedo exercising final editing rights or “final cut.”



Fig. 5.1 *Di Que Sí* (2004) Theatrical Poster

⁶⁵ Speaking with the General Managers of Warner Bros. and Universal in Madrid, I have learned that they have a similar centralized greenlighting process. This appears to be an industry LLP standard in Europe.

Part of this particular financing model involves how Columbia Español imagined LLPs as defined by one language within one national industry. As discussed in Chapter Three, Sony defines a local language production as fixed within one industry or media territory such as Spain. In all of its LLP operations until this point, European or otherwise, SPE's international division maintained this LLP strategy despite the industry norm within Europe for local co-productions between two or more different national industries or territories as Sony calls them. Columbia Español's one territory/one language original production strategy changed slightly when de Macedo was promoted to Senior Vice President of Production for European and Madrid became the new headquarter for SPE's European film production. After the relative commercial success of *Di Que Sí*, Columbia Español's co-production operation was expanded to include Italy and France.⁶⁶ The Madrid LLP division then encompassed other European productions, offices, and territories. The first project produced under the newly organized regional operation, a feature length adaptation of the bestselling Italian novel based on the memoir of a teenage girl, *Melissa P* also challenged the earlier LLP strategy. The opportunity arose to combine resources between the Spanish and Italian locations to co-produce the project. Furthermore, the Italian director requested casting a Spanish actress as lead,

⁶⁶ Part of this expansion into France was due to a joint venture between Gaumont, the independent French production and distribution company, and Columbia TriStar in Europe that lasted from 2004 to 2007. Rebecca Leffler, "Separate Checks For Sony, Gaumont," *The Hollywood Reporter* (3 July 2007) accessed online (24 May 2011). <http://www.hollywoodreporter.com/news/separate-checks-sony-gaumont-141611>

which would allow the production to be eligible for classification (and subsidies) within both industries. de Macedo recalls:

It was not because we were trying to look for money in two territories; we know that [Sony] can finance the whole thing. But why not take €600,000 from Spain since it is a creative need of this director . . . All you have to do is put in another secondary actor and two heads of department [to qualify for a Spanish-Italian co-production]. That's it. And do some of the post-production in Spain which will be cheaper."⁶⁷

In this case, the changed approach for LLP was not a necessity of financial resources but a creative request. However, one of the biggest issues in producing *Melissa P* was the legal and financial work involved in pursuing co-production status in both Italy and Spain, something that was seen as foreign and unnecessary to the overseeing Sony executives in Los Angeles.

While Columbia Español ultimately co-produced *Melissa P*, the American-based greenlighting committee fought the decision because it did not fit with the company's official LLP strategy. For Sony's International Production division, a local language film is produced/distributed in one territory not two. To approve a LLP production in any territory, de Macedo asserts, "you have to get one GM [distribution General Manager] committing to numbers in a territory and can you imagine involving two? Studios are not a co-production kind of structure."⁶⁸ In other words, SPE's corporate procedure for approving distribution was incompatible with common local industry practices such as

⁶⁷ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

⁶⁸ *ibid.*

international co-production and patchwork financing that relied on multiple territories. Sony's Hollywood management oversight imagined or constructed "local" film productions differently from the European conditions involving multi-industry participation, financing, and audiences. Not only was there a disconnect between Columbia Español and local conditions but also within Sony's corporate structure and LLP vision. The unwillingness to alter distribution practices for the LLP directly from the Los Angeles offices and not the Madrid production office. Many of the "local" Columbia Español staff in Madrid, made up of Spanish producers and professionals, had to convince the SPE executives in Los Angeles about what could work in Spain and other European markets. On-the-ground executives such as de Macedo served as an intermediary between the Hollywood process directed from SPE's American headquarters and the local practices of their "home" industry and production partners.

Similar to earlier industrial and academic understandings of film industries outside the United States, Columbia Español's concept of the LLP/local was tightly bound in national models. This reveals the rigidity of legal and financial structure of Sony's international operations and the difficulty for them to adapt to local co-production conditions. Columbia Español approached local production differently than the patchwork financing adopted by most Spanish filmmakers. This is in contrast to the Brazilian operation that relied mostly on incentive money instead of the SPE international production group investing their "own" money. Although the Columbia Films

Producciones Españolas operation expanded in 2005 to include the European territories to Italy, France, and Germany, their regional operation still functioned with a national market mindset or target, which was influenced by SPE executives. With the Spanish-Italian *Melissa P* treated as a one-off exception, Columbia's European productions were solely based in Spain as LLPs or France as co-ventures that targeted local audiences. For Columbia Español, local language production equaled Spain; local language production equaled a clearly defined national border. Local language did not translate as regional, European, or across national borders.

MEDIA WITHOUT FRONTIERS:

TELEVISION BROADCASTERS AND SPANISH COMMERCIAL PRODUCTION

Another important dimension within Spain and across Europe filmmaking since the 2000s is the participation of television broadcasters as co-producers. Since deregulation and funding mechanisms introduced in the late-1980s and early-1990s such as Television Without Frontiers, Spanish television broadcasters have become major producing partners for local film projects. Broadcaster participation reflects the deregulation and convergence of Spanish media industries and marks a shift or blending of commercial media models similar to Globo in Brazil. Due to Spanish broadcasters contributing over \$500 million into film financing since 1999, *Variety* reporter Emiliano de Pablos calls the public broadcaster Televisión Española (TVE) and private

broadcasters Telecinco and Antena 3 “Spain’s new majors.”⁶⁹ In 2010, then ICAA Director-General Ignasi Guardans claimed “without TV funding there would be no Spanish cinema.”⁷⁰ Today, broadcasters are financially involved in the majority of Spanish films that attract over 1 million spectators. Columbia Español’s second, and final, LLP produced in Spain included Telecinco Films as a significant partner and signaled a change in their local production model from full financing to minority status producer. Considered another facet of the patchwork financing discussed in the previous section, this section will discuss the role of television companies in Spanish film production and distribution over the past decade.

While traditionally an institutional model for European media development centered on state-owned media operated by heavily subsidized institutions, new regional and national directives introduced during the 2000s reshaped Spanish production partnerships to be cross-media and interdependent. A neoliberal wave of deregulation, privatization, and convergence policies swept Spain, and more broadly Europe, in the late-1980s and 1990s.⁷¹ A couple of key legislative directives were passed during this period that would directly impact the contemporary Spanish film industry and Columbia

⁶⁹ Emiliano de Pablos, “Big Screen Films Driven By TV Muscle,” *Variety* (18 September 2008) accessed online (15 August 2009). <http://www.variety.com/article/VR1117992467?refCatId=14&query=Big+screen+films+driven+by+TV+m+uscle>

⁷⁰ Chris Evans, “New Spanish Film Law Shakes Up Role Of Private Broadcasters,” *Screen Daily* (21 March 2010) accessed online (11 January 2011) <http://www.screendaily.com/news/distribution/new-spanish-film-law-shakes-up-role-of-private-broadcasters/5011974.article>

⁷¹ Esteve Riambau, “Public Money and Private Business (Or How To Survive Hollywood’s Imperialism): Film Production In Spain (1984-2002),” *Cineaste* (Winter 2003).

Español's production partnership, namely commercialization of the television industry and the requirement for television companies to invest directly in local film production through the EU's Television Without Frontiers. In returning to Columbia Español, I will examine the second (and final) Spanish LLP, *Salir Pitando* (*Blinkers*, 2007, dir. Álvaro Fernández Armero), produced under the Madrid operation with private broadcaster Telecinco and independent producer Morena Films. Overall, this reveals the interrelated, convergent nature of the European media industries and Columbia Español's somewhat shifting LLP strategy to adapt to changing industry conditions.

In terms of privatization, the Spanish government opened broadcasting options beyond the state company Radio Televisión Española (RTVE) in order to allow for commercial television alternatives. Founded in 1956, RTVE operated as the central television and radio source for Spaniards under Franco and later through the democratization in the 1970s. In 1988, the government passed the Private Television Act granting three commercial television licenses to Telecinco, Antena 3, and pay satellite channel Canal +.⁷²

While Telecinco and Antena 3 have grown into two of the largest media conglomerates in Spain each with holdings in radio, television, cinema, and publications, the European Community (EC) and alongside the Spanish government encouraged this

⁷² Bernat López, Jaume Risquete, and Enric Castelló, "Spain: Consolidation of the autonomic system in the multichannel era," *Television on your doorstep: decentralization experiences in the European Union*. eds. Miguel de Moragas Spà, Carmelo Garitaonandía and Bernat López (Bedfordshire, UK: University of Luton Press, 1999): 338; Mercedes Medina and Teresa Ojer, "The New Spanish Public Service Broadcasting" *Comunicacion y Sociedad* Vol. 23: No. 2, (2010): 330.

media convergence. The year following the Private Television Act, the EC (now European Union/EU) passed the Television Without Frontiers Directive. Based on the 1984 Green Paper of the same name, the goal of the directive was for member states to: 1) integrate “broadcasting laws in order to facilitate the development of a single market for broadcasting within the Community” and 2) protect local media by ensuring “where practicable and by appropriate means” that broadcasters reserve transmission time for European works.⁷³ Yet, the implementation of parts of this directive continues to vary by Commission/Union member nation. While television quotas and the debates on media as a cultural exception became the most cited aspects of this directive due to the 1992 GATT debates, a number of other measures resulted from Television Without Frontiers, particularly on a more localized level. For example, Italy and Spain require investment in local film financing while today other members, like United Kingdom, do not. In terms of encouraging media convergence, Spain’s version of Television Without Frontiers went into effect in 1999 and required local broadcasters such as Telecinco, Antena 3, and TVE to direct 5 percent of annual revenue to finance Spanish and European film projects and television movies.⁷⁴

⁷³ John David Donaldson, “Television Without Frontiers: The Continuing Tension between Liberal Free Trade and European Cultural Integrity.” *Fordham International Law Journal*. Vol 20 (1996-1997): 96, 99.

⁷⁴ de Pablos; In 2010, the Spanish Parliament passed the General Audiovisual Communications Law which decreased amount television broadcasters had to invest in local film from 5 to 3 percent and required more investment independent projects, Chris Evans, “Spanish Broadcaster TVE’s Film Investment Budget Slashed,” *Screen Daily* (22 March 2010) accessed online (16 January 2011) <http://www.screendaily.com/news/finance/europe/-spanish-broadcaster-tves-film-investment-budget-slashed/5012007.article>

As a result of the Television Without Frontiers and Spain's localization of this directive, television broadcasters are now key players in television and film production, investing around €150 million per year.⁷⁵ Since Columbia Español's partner for their final LLP was Telecinco, I will focus on this broadcaster. Under Telecinco's division, Telecinco Cinema invests in around ten projects per year ranging from one or two big budget pictures (€7.5 million and up) directed by major Spanish or international filmmakers to eight or nine lower budget films (€3-4.5 million), possibly directed by a new filmmaker.⁷⁶ Telecinco's higher profile, big budget pictures include *Celda 211* (*Cell 211*, 2009, dir. Daniel Monzón), *Ágora*, and *El Orfanato*.⁷⁷ According to the Telecinco Cinema head, Alvaro Augustin, "we make big-budget films with significant international profile, and movies under \$4.5 million, which recoup from Spain."⁷⁸ While investment requirements and strategies vary by company, television involvement can range from co-production, pre-sales, or acquisition rights. In addition to investment in a film production, Telecinco typically acts as an equal co-producer and shares copyright.⁷⁹

Columbia Films Producciones Españolas's last Spanish LLP (and Columbia's last European local production under this operation), *Salir Pitando*, reflects a co-production system that relies heavily on local television broadcasters and transnational partners. A

⁷⁵ Rocío García and Borja Hermoso, "Spanish Movie Industry Demands Guarantees From The Government." *El País* – English Edition online (12 April 2010) accessed online (11 January 2011).

⁷⁶ de Pablos.

⁷⁷ Catálogo Cinespañol, accessed online (15 January 2011). <http://spanishcinema.mcu.es/>

⁷⁸ John Hopewell, "Spanish Film Industry Ready To Launch," *Variety* (18 September 2008) accessed online (15 December 2010) <http://www.variety.com/article/VR1117992490?refCatId=13>

⁷⁹ Jäckel, 55; de Pablos.

comedy about soccer, *Salir Pitando* tells the story of a depressed referee and his comeback. The film represents a mix of state-supported and private investment that characterizes contemporary commercial cinema in Spain and many other European industries. With a €3 million budget, Telecinco served as the majority co-producer providing 50 percent alongside Columbia covering 30 percent and the production company, Morena Films, bringing in the remaining 20 percent.⁸⁰ Columbia/SPRI also distributed the film and paid for prints and advertising costs. In addition to participation by a television broadcaster, the film received an automatic national subsidy based on box office potential from ICAA. According to the policies and institutional structures discussed so far in this chapter, this is an extremely common division of funding among a local subsidy, Spanish broadcaster, major producer/distributor, and independent producer. However, field interviews revealed a more nuanced view of the relationship among the local, national, and transnational players.

Morena Films is an independent Spanish production company run by one general manager and three executive producers—Pedro Uriol, Juan Gordon, and Álvaro Longoria. The company is unusual due to its size and productivity. In an industry characterized by smaller companies producing one film every four to five years, Morena develops each year on average two to three majority productions, one to two minority productions, and one documentary. While a majority producer invests the most

⁸⁰ “*Salir Pitando*,” Catálogo Cinespañol accessed online (15 January 2011) <http://spanishcinema.mcu.es/>

financially and maintains most of the creative direction over a project, a minority producer typically invests thirty percent or less in the production costs and serves as more of a collaborator. For *Salir Pitando*, Morena developed the idea in-house and offered participation and collaboration to Telecinco and then Columbia.



Fig. 5.2 *Salir Pitando* (2007) Theatrical Poster

For Sony's European production operation that began with a fully-financing strategy, the project was a major shift in the company's financial and creative role in LLPs. de Macedo identifies this shift from full-financing to minority producing as moving to a "more intelligent model" within the Spanish context. Columbia Español invested 30 percent of the cost plus prints and advertising, which producer Uriol

described as “very reasonable for [Columbia Español] and no huge risk.”⁸¹ According to Uriol, “Iona [de Macedo] and her [Madrid] team and Sony LA understood what we were looking for . . . we brought them the project at a very early stage. They gave us some comments on the script and they really participated on the casting, which was vital. In a way they felt it was one of their movies.”⁸² This development input from the local production division is extremely common for Sony’s strategy. Yet, in terms of final creative decision-making, Morena, Telecinco, and Columbia had collective final decisions with the editor.⁸³

The Columbia Madrid operation and other major studios working with Spanish television broadcasters tend to view this relationship from two perspectives. First, as emphasized above, Telecinco, Antena 3, and TVE are central to any successful commercial film in Spain today.⁸⁴ Warner Bros. General Manager Pablo Noguerones explains:

if you happen to have a film with either Telecinco or Antena 3 and they like the film then they will support the film on their television channels and in the media they own. That gives you a huge plus. Because you have the marketing campaign that can buy you 500 GOPs [Gross Operating Profits], then you throw in Antena 3 or Telecinco, and, boom, the film goes from being a mid-size film to being a

⁸¹ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España; Pedro Uriol, Morena Films, interview by author, 28 January 2011, Madrid, España.

⁸² Pedro Uriol, Morena Films, interview by author, 28 January 2011, Madrid, España.

⁸³ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

⁸⁴ Unfortunately I was unable to secure an interview with Telecinco Cinema or Antena 3 Films. My information on the companies and their operations are based on my field research, interviews with their producing partners, trade journals, and Spanish popular press.

blockbuster.⁸⁵

While Spanish producers and distributors insisted no formula exists for a successful Spanish blockbuster, part of the security in working with broadcasters comes from their cross-media marketing resources and experiences that can almost guarantee bigger audiences.

Second, companies such as Columbia and Warner Bros. view the relationship as beneficial since it utilizes the broadcasters' strengths, experiences, and built-in audiences in the local market as well as saves them on an expensive cross-media marketing campaign similar to Globo in Brazil. Telecinco and Antena 3 prefer to work with transnational studios due to their established, albeit controversial, position and available resources in the Spanish film market. Off the record, one Spanish producer criticized how broadcasters allocated their production funds: "wearing the Columbia shirt or Universal, walking into the television network for funding makes a difference."⁸⁶ Columbia's brand reassures its co-producers of a "certain level" of quality and guaranteed theatrical distribution that can make or break the final financing process.

Yet, industry discourse surrounds the broadcasters as film producers. It is well-known in the Spanish industry that private television broadcasters Telecinco and Antena

⁸⁵ Pablo Noguerones, Warner Bros. Spain, interview by author, 28 January 2011, Madrid, España.

⁸⁶ Independent film producer, interview in Madrid.

3 are “reluctant producers.”⁸⁷ Film involvement is mandated under European and Spanish directives and generally viewed as a fruitless obligation. Ghislain Barrois, CEO of Telecinco Cinema, argues “given the choice, we would not invest in film at all. We have only really made our money back on a few titles.”⁸⁸ While they may be some of the most successful producers of Spanish cinema, television is the priority for these companies.

Overall, Columbia Español’s last LLP reveals the changing role of television, the convergence and interdependence of media production in Spain, and a portrait of exchange and negotiation among major media conglomerates and various local partners. It also emphasizes the importance of regional policies and practices in shaping local media industries in Europe. Overall, two key implications of *Salir Pitando* exist in relation to the Spanish film industry. First, along with the previous example of *Melissa P*, this film reflects changing notions of national cinema for Morena, Columbia Español, and broadcasters. For one, most Spanish local language productions are produced in or outside of Spain with multi-partners and an international target audience. This idea of a simultaneous and borderless national/regional cinema stems back to Spanish and EU policies intended to foster open media markets and develop local content. For another, to some extent SPE still categorizes the LLP as produced in Spanish with Spanish money

⁸⁷ Pablo Noguerones, Warner Bros. Spain, interview by author, 28 January 2011, Madrid, España; Estela Artacho, FEDICINE, interview by author, 18 January 2011, Madrid, España.

⁸⁸ Chris Evans, “The New Face Of Spain” accessed online.

for a domestic audience. Yet their second Spanish project reveals a more flexible approach to financial and creative arrangements. Of all of Columbia Español's (and later as Columbia Europe) LLPs, *Salir Pitando* emerged as the most sustainable model by depending on national television broadcasters to take the brunt of financing and cross-media marketing.

Upon its release, the film was a modest theatrical success locally. Yet, within months of *Salir Pitando*'s release, the Columbia Español office was closed. In the past decade, Spain has emerged as one of the markets most prone to piracy in the world coupled with a declining theatrical attendance and dwindling DVD sales. In the following section, I will explore Sony's official and unofficial reasons for closing the Madrid office in light of declining distribution windows, subsequently moving the European operation to Germany.

SHRINKING SPANISH DISTRIBUTION WINDOWS AND SONY'S GRAND LLP EXIT

This final section examines the practices and problems with the distribution system and box office in Spain for local productions since the mid-2000s. From a broader level, the health of the industry in the 2000s can be connected to declining theatrical attendance, a dying DVD market, and online piracy. Today, an increasing reliance on theatrical distribution as the central domestic source of revenue affects how local producers imagine their audiences and, in turn, produce their films. In the case of

Columbia Español, shrinking distribution platforms were reported as the official reason for closing the Madrid production office in 2007. Yet, other problems plagued the local operation. Internal conflicts with the Sony local distributor and a different vision emerged from their Spanish producing partners regarding the scope of the intended market for “local” productions. Overall, this section explores the state of online piracy, DVD sales, and national/regional distribution strategies in relation to Columbia Español’s LLPs and its reasons for leaving the territory.

Death of the DVD and Rise of Piracy

While government subsidies and broadcaster financing are vital to producing Spanish films, the industry is losing a key revenue source—the DVD market. In 2000, DVD sales became a centerpiece of home video divisions for major film studios like Sony. DVD earnings in Europe accounted for more than 50 percent of home video sales in the region.⁸⁹ Today, as DVD sales decline worldwide and video stores close in records numbers, the home video market is a less profitable distribution format, and Spanish sales are almost 10 percent of the level in comparable European markets such as the UK and Germany.⁹⁰

⁸⁹ Hy Hollinger, “DVD Warms 2000 Global Take For MPAA Members,” *Hollywood Reporter* (20 July 2001) accessed online (15 July 2009) <http://www.allbusiness.com/services/motion-pictures/4866849-1.html>

⁹⁰ Giles Tremlett, “Spain Finds That Film Piracy Is A Hard Habit To Break,” *The Guardian* (31 March 2010) accessed online (15 February 2011) <http://www.guardian.co.uk/world/2010/mar/31/spain-film-piracy-downloading-dvds/print>

Furthermore, growing online piracy and declining domestic audiences for theatrical releases have destabilized the Spanish film industry. Between 2006 and 2008, illegal movie downloads in Spain grew from 132 million to 350 million per year.⁹¹ The international film and television industry reportedly lost an estimated €900 million in 2008 in the domestic market.⁹² Not surprisingly, piracy has emerged as a central issue for LLPs since the mid-2000s. In every interview I conducted, whether with a major international distributor, the MPA Europe, or a small independent producer, piracy and the future of film distribution were their biggest concerns. In worldwide illegal downloads for the top ten films in 2010, Spain accounted for 20 percent.⁹³ There are still no other viable streaming options such as iTunes available in Spain like in other large European markets and only recently has the government tried to pass anti-piracy legislation.⁹⁴ Sony Pictures Entertainment's co-chair, Michael Lynton, predicts "people are downloading movies in such large quantities that Spain is on the brink of no longer being a viable home entertainment market for us."⁹⁵

Numerous former Columbia Español professionals and partners cite piracy and the crash of the DVD market in the mid-2000s as a leading cause for scaling back

⁹¹ Media-Control GfK as quoted in Ben Fritz, "In Spain, Internet Piracy Is Part Of The Culture," *Los Angeles Times* (30 March 2010) accessed online (24 May 2010)
<http://articles.latimes.com/2010/mar/30/business/la-fi-ct-spain30-2010mar30>

⁹² Tremlett, accessed online.

⁹³ Chris Evans, "The Pain In Spain." *Screen Daily* (10 February 2011) accessed online (15 February 2011).
<http://www.screendaily.com/reports/territory-focus/the-pain-in-spain/5023315.article>

⁹⁴ Fritz, accessed online.

⁹⁵ *ibid.*

production and distribution operations. Yet, the piracy also hurts local independent distributors and producers. Until 2001, local producers relied on the DVD market to pay advances which by 2010 have disappeared almost completely.⁹⁶ These advances were a reliable and central source of revenue beyond theatrical income. Distributors also see the effects. Head of acquisitions at the independent distributor Alta Films, Enrique Gonzalez Kuhn, recounts: “The situation with the local market is critical, I’ve never seen it so bad. Piracy is tearing the industry apart and the TV stations are picking up almost nothing. We’re buying fewer films and paying more money for them.”⁹⁷

According to Morena producer Uriol

I think the DVD market is basically destroyed and the new online market (streaming, downloading that operates in the U.S. like Hulu, iTunes) are still not working. There is a huge loss in profit for distributors and producers. This gap is basically there. This is one of the crucial issues here: the piracy and the change in the business model.⁹⁸

With rising piracy, the dead DVD market, and a lack of viable streaming or pay services, the home video market affects how and in what local language productions are made. A change in the business model without a strong domestic market forces local productions to refocus on international markets in order to recoup costs where home video used to be.

⁹⁶ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

⁹⁷ Fritz, accessed online.

⁹⁸ Pedro Uriol, Morena Films, interview by author, 28 January 2011, Madrid, España.

Imagining Audiences and Domestic vs. International Distribution Models

European co-production practices and the subsidy system lend themselves to this transnational strategy, where as Spanish producers are increasingly exploring distribution options outside of their domestic market. Since 2008, Spanish films make more outside Spain than in the domestic market.⁹⁹ *Ágora* producer Fernando Bovaira argues: “Either you make films with a clear, universal (theme) or for Spain, which occasionally throws out box office miracles. But you can’t base a business model on miracles.”¹⁰⁰ Spanish films do not have the luxury of relying on the Spanish market. Spain may be one of the larger markets in the region but the majority of European national markets are too small to sustain medium to big budget commercial products. In turn, SPE quickly discovered Spanish LLPs could not gross the same numbers and draw the same audiences that they continued to capture in larger markets like Brazil and or its new European LLP headquarters in Germany.

Many producers with whom I spoke emphasized the way they select projects is changing. In an effort to appeal to Spanish, European, and other international audiences, genre, broad themes, and Spanish-, English-, or multi-language films have come to characterize many local commercial projects. Noguerones, General Manager of Warner Bros. Spain, explains that:

⁹⁹ In 2008, Spanish productions earned €104.3 million domestically versus €140.7 million in 18 international territories. Emilio Mayorga, “Spain Boost Pics Exports: Overseas Gross Up To \$174 Million In Key Territories,” *Variety* (21 June 2010) accessed online (14 February 2011). <http://www.variety.com/article/VR1118020873?refCatId=4031>

¹⁰⁰ Hopewell, accessed online.

[local films] cannot rely heavily on theatrical unless you have some international sales. It becomes difficult for a film to make any money. For the most part 90 percent of the films or more just break even or not break even. Because they don't make any movies since the producers made the films with subsidies, loans, pre-sales and the little money they got from international. But they don't make a profit on the film.¹⁰¹

International distribution, especially within Europe and Spanish-speaking Latin America, is a necessary part of the business plan for any Spanish film.

Due to market conditions, Morena Films positions its company as a Spanish operation working globally. Many of its projects are either international co-productions with partners across Europe, Latin America, and North America or local language productions intended for audiences beyond the Spanish, domestic market. While most are Spanish-language, some projects are English-language or multi-lingual like *Bon appétit* (2010, dir. David Pinillos) with a mix of French, German, Spanish, and English. Morena producer Longoria asserts “the idea of small-scale craftsmanship in cinema is very romantic, but this is an industry. It operates like one and it shouldn't be what it isn't.”¹⁰² While perhaps reminiscent of the big budget international co-productions of the 1990s, known as “Euro-pudding,” Morena Films's perspective reflects what Tim Bergfelder describes as the “dissolving boundaries” of cinema in Europe. As discussed throughout this chapter, the contemporary LLP must cross financial, linguistics, and cultural boundaries in order to find an adequate audience.

¹⁰¹ Pablo Noguerones, Warner Bros. Spain, interview by author, 28 January 2011, Madrid, España.

¹⁰² Interview with Longoria, Gordon, and Uriol, *Cine Europa* (3 May 2010) accessed online (20 January 2011) <http://cineeuropa.org/interview.aspx?lang=en&documentID=79004>

However, Columbia Español had a difficult time with moving beyond national borders. In addition to piracy and declining domestic audiences, an inability to adapt to international distribution models was another reason cited for Columbia Español's closure or "failure" as many industry professionals described it. In other words, there was a major incompatibility of the domestically-focused production and distribution LLP strategy with the realities of the Spanish market. By 2007, Columbia Español's reliance on the local audiences to recoup the complete costs was impossible, especially considering local films make more outside of Spain than they do domestically. At this point, the new Co-Chair of SPE already had decided the European operation was not profitable enough in relation to its English-language numbers. de Macedo recalls: "The idea was that the films would pay for themselves in the local market with a margin . . . [the films should] pay for themselves. Then Michael [Lynton] came, and [LLPs were expected to earn back its cost plus] a margin of 10 percent and covering overhead as well."¹⁰³ While the LLP strategy in Spain slowly adapted to fit production practices and partnerships within the local context, de Macedo's remark illustrates a tension between Columbia Español's and SPE's expectations of a Spanish local language film. SPE executives like Lynton began to expect higher returns akin to how Sony's English-language films performed in that market. However, as Lynton and SPE expected a better return from LLPs like *Salir Pitando* in Spanish theatrical performance, the health of the

¹⁰³ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

Spanish domestic market was declining and losing audience members. By keeping LLP distribution bound within the Spanish market and not opening up to other European markets, these expectations were not sustainable nor attainable.

Therefore, this was a central issue with Sony's LLP corporate vision and strategy in the European context, namely local could not mean international audiences. Many of the Spanish and European producers interviewed cited the lack of attention to international sale for LLPs as a major criticism of working with Sony and other international distributors. In the case of Morena and *Salir Pitando*, Sony Releasing International offered limited international distribution for its LLPs. Uriol explains the deal: "[Sony] has large packages that they sell. [*Salir Pitando*] would be with 100 other films. The figures they give you are very small [because] of the huge overheads."¹⁰⁴ Because of the way Sony and other studios package films in bulk for international sales to the rest of Europe, Latin America, or other regions, they receive little individualized resources or prints and advertising attention. A personalized, word-of-mouth marketing is needed for many smaller Spanish films, and that marketing strategy does not easily fit into Hollywood wide-scale genre marketing schemes. By trying to sell *Salir Pitando* in bulk through general Hollywood marketing conventions, Uriol describes that Sony was imagining or "looking for a different audience" than its local partners.¹⁰⁵

¹⁰⁴ Pedro Uriol, Morena Films, interview by author, 28 January 2011, Madrid, España.

¹⁰⁵ *ibid.*

SPE's Internal Division Relations

Furthermore, Columbia Español had internal issues or “friction” between their distribution and production divisions both within Spain and between Los Angeles. In this situation, both the Spain distribution operation and Sony Pictures Releasing International in Los Angeles had to sign off, greenlighting any European LLP. Most of this tension within Sony European distribution and production came from the structure of the two operations. The General Manager for distribution in Spain operated from a different office, unlike in Brazil where production and distribution are the same staff. Spanish LLP's were distributed from the same process as English-language films. de Macedo describes the situation:

in this model, we could never make a film without the blessing of our colleague the distributor . . . so distributors were invited to participate actively in the production process when their job is really to look at a finished film and release it. Problem number one. They were not only invited to participate in the process but also the greenlight only came like in the U.S. if the numbers closed. It was so with the American films as well, they all have to send in their numbers on a movie but the movie is already made and the U.S. has already guaranteed the domestic market and the percent that the film is not going to lose money and break even. [Local distributors] were expected to act like the U.S. domestic market without ever having done that.¹⁰⁶

Many of former Columbia Español employees expressed dissatisfaction and frustration with the Madrid-based Sony distribution operation (SPRI) being active decision-makers in both of the local language films they produced. One former Columbia Español creative executive recalled: “the two films that we did [in Spain], if you would

¹⁰⁶ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

ask me would you make those films if the distribution didn't say, then I wouldn't have."¹⁰⁷

Further input on project selection and marketing choice came from Sony headquarters in Los Angeles. Another former Columbia Español production employee also criticized interference from Los Angeles: "Sony LA was not on board with films the Madrid office wanted to develop. LA would not greenlight certain projects" that did not meet their LLP formula.¹⁰⁸ While it is not clear exactly what these certain projects were, numerous Spanish professionals described a dissonance between perceptions of the local market by Spanish producers and the Sony headquarters in the U.S. that made the LLP process more time consuming, complicated, and less efficient.

The historical context and industrial challenges for Spanish commercial cinema in the late-2000s outlined in this section provide the backdrop to Columbia Español's short-lived production unit. When the home video sector of the industry collapsed and Columbia Español was forced to rely on theatrical release, this served as a major turning point for the LLP strategy leading to Sony's departure. This internal conflict is also one of the most revealing aspects of the Spanish LLP operation and the battles between Hollywood and European or studio and independent models for distribution.

¹⁰⁷ Former Sony employee A interview, interview by author, January 2011, Madrid, España.

¹⁰⁸ Former Sony employee B interview, interview by author, January 2011, Madrid, España.

Conclusion: Sony's Changing European Regional Network

In May 2007, Sony consolidated European LLP headquarters under the newly formed Sony International Motion Picture Production. That Fall Sony closed Columbia Español in Madrid and moved its production division to Berlin, Germany, in light of the declining domestic theatrical market share averaging between less than 10 to 13 percent and dwindling distribution windows. Despite official or unofficial reasons for leaving, the move signaled that the days of Western Europe as a stable and lucrative film market were changing for Sony. Due to lucrative tax incentives, increased runaways productions, and an ever-growing theatrical market, Sony repositioned its LLP operations within the growing German and East European markets such as Russia. Yet, a number of Sony's competitors, namely Warner Bros. and Universal, have kept their Madrid LLP operations open and still produce two to three films per year. In 2010, Spanish Warner Bros. dominated the local market with five films making up 33 percent of the market share for local productions.¹⁰⁹ In contrast, Sony's current local strategy includes distributing two to five local films, typically picked up during development, as well as distribution of twenty to twenty five English-language films per year in Spain.

In conclusion, the history of Columbia Pictures Producciones Española reveals a different LLP operation than the one I described for Brazil. Unlike the Latin American market, national and regional policies, funding practices, and reliance on multi-territory audiences largely shapes the Spanish film industry. With Columbia Español, Sony

¹⁰⁹ Pablo Noguerones, Warner Bros. Spain, interview by author, 28 January 2011, Madrid, España.

entered the Spanish market with a model to fully finance studio films aimed at domestic distribution and audiences, such as its first project, *Di Que Sí*. Interestingly, after the modest box office success of this film, the Madrid operation was expanded to cover other key territories in Continental Europe. This resulted in the widely successful Italian-Spanish co-production, *Melissa P*. As de Macedo and others involved at Columbia Español claimed, *Melissa P* was merely a one-off and had no chance of changing the LLP strategy for Europe beyond a one-territory model. A key reason cited was the European legal and financing models that conflicted with SPE's institutional conventions. The multiple territory contracts, treaties, and subsidies involved in producing *Melissa P* seemed "foreign" and overly complex to the Columbia Español LA-based legal advisor. Furthermore, working with more than one local Sony production and/or distribution division such as Italy and Spain involves more employees offering input and requires multiple General Managers to sign off on the LLP in various stages. Instead of a streamlined decision-making and development process between one territory such as Madrid and the international division LA headquarters, the process includes a larger network of Sony employees across a regional space. This is not exactly the Sony LLP strategy as originally imagined.

An attempt to expand the Madrid office to encompass a regional scope did not alter its LLP strategy beyond the local market clearly defined as one nation and one language. Until its last Spanish LLP, *Salir Pitando*, and even today with its German

productions, Sony still focuses on local, domestic production and audiences from this same national model. Although Columbia Español managed to stretch the highly micro-managed LLP strategy to accommodate one international co-production and one local co-production, ultimately it was not enough to save or alter the operation. Overall, the major implication of the Spanish example is the micro-managed nature of its operation and the ultimate inflexibility of its LLP model.

When engaging in contemporary discussions about power and production partnerships across national/regional/transnational networks in Europe, there is no simple picture or formula. It depends on who is asked, where they operate in the film industry, what their goals/intentions are, and what they consider to be the best strategy. I did not find the overt hostility toward Sony and Hollywood that I expected from the decades of academic literature focusing on the battle between commerce and art. Many of the individuals I spoke with in the Spanish film industry are producers, distributors, lobbyists, or state cultural workers. Most film professionals interviewed maintained a formal, reserved distance, particularly in discussion of Hollywood's position in Spain and European industries. They are well-connected with commercial track records, access to development and production resources, and a benefit from their relationship with Sony and other major international studios. This obviously altered the information I received, particularly in the case of the more successful LLPs. Yet, the most critical of their practices and internal structure were former employees of Columbia Español, many of

whom were past their two-year post-employment privacy clause. Former employees were the most outspoken, unguarded, and quickest to point to why the local production unit failed. Opinions on the division's failure and closure range from Los Angeles executives not allowing its Columbia Español team enough creative control in picking projects and selling them the way they wanted to the internal conflicts between the separate Madrid-based production and distribution divisions. Yet, as de Macedo argues, given the declining health of the Spanish industry, Sony pulled out at the right time.

Although the state of the Spanish film industry and internal “friction between motion pictures and home video divisions” greatly factored into Sony's exit from Spain, I want to suggest another reason was Sony's inability to respond quickly to changing local industry conditions and reimagine their nationally-fixed models for LLPs with the Columbia Español division. In other words, how they operated and produced Spanish local language productions was not an effective business model in this cultural geographical context during this period of time. Part of this may be due to the massive size of their operations and slow pace of corporate change. Yet, the dissonance and tension between these divisions, either locally (in Spain) or transnationally (with LA) reveal a disconnect among SPE's international executive reliance on older studio models and the on-the-ground staff dealing with the realities of local independent practices and conditions.

In turn, the case of Columbia Pictures Producciones Española raises larger question about the future of Spanish commercial cinema and local audiences. Today's Spanish cinema transverses cultural, geographical, linguistic, institutional, media-specific, and technological boundaries. As this chapter illustrates, whether defined by financing sources, geography, or language, the category of "local" production is becoming more and more blurred as English-language films or international co-productions between four different European countries are classified as Spanish. Due to continuously shifting notions of borders, space, national identity, and community, trying to fix the idea of "local" cinema or a "local language production" strategy is a slippery and messy task. Ultimately, Sony was unable to monetize, measure, and adapt their ideas of "local" cinema to this particular national/regional industry with Columbia Español.

Chapter Six

Conclusion: “Like The Portuguese With The Conquistas, [Sony] Was The First In And The First Out”

Overall, this study represents a focused institutional history of Sony’s local language production from the mid-1990s to 2010, one of Sony’s key international production and distribution strategies. What emerges is a multi-faceted and cross-media history of local language film co-productions across a complex institutional and industrial transnational network. In conclusion, I want to revisit my research questions as well as the larger implications and limitations of this dissertation project.

In the mid- to late-1990s, Sony Pictures Entertainment actively began a widespread local language production strategy that by the late-2000s had slowed down and scaled back. As described by former Sony Senior Vice President of European and Spanish production: “Like the Portuguese with the Conquistas, [Sony] was the first in and the first out.”¹ At its height around 2006, SPE’s international production divisions were producing LLPs in eleven locations.² A shift in economic conditions, industry practices, corporate structures, and personnel factored into downsizing and restructuring LLP operations. In 2007, SPE consolidated all of their local language offices under one division, International Motion Picture Production Group (IMPPG). The same year, IMPPG’s then president, Deborah Schindler, closed the Hong Kong and Madrid offices.

¹ Iona de Macedo, former VP Production for Latin American and President of Columbia Films Producciones Españolas, interview by author, 17 January 2011, Madrid, España.

² Adam Dawtry and Timothy M. Gray, “Home Cooking: Studios Feel Squeeze as Local Fare Gains Biggers Slice of B.O.” *Variety* (11 June 2006) accessed online (15 March 2011).

Most industry sources credit causes for this as shifts in corporate vision and higher management including SPE's CEO, worldwide economic conditions, and changing notions of the local audience. The European production headquarters was moved back to Berlin in order to refocus regional effort on central or eastern European countries such as Germany and Russia. Furthermore, IMPPG has refocused its efforts in Asia such as expanding satellite television and developing local language productions in India.

SPE's LLP restructuring and relocations indicates more of a corporate shift than industry wide movement away from local operations. Scaling back local language productions from Hong Kong, Spain, and Mexico came at a moment when Sony's peers (Warner Bros., Fox, Universal, Disney, and Paramount) were expanding their own international divisions into Europe, Asia, and Latin America to respond differently to these rapidly changing market conditions. Instead, Sony's late-2000s shift in their LLP strategy suggests more of an institutional restructuring and less of an industry-wide decline. There appears to be a company wide shift from away from systematic co-production strategy like the LLP back to one-off deals. Furthermore, SPE is continuing a division specific process for acquisition and distribution of local language films. For example, Sony Pictures International Releasing distributes a handful of Spanish films within Spain each year or Sony Pictures Classics picks up Spanish-language films, such as Pedro Almodóvar's *La Piel Que Habito* (*The Skin I Live In*, 2011), for distribution in North America.

RESEARCH QUESTIONS AND REVELATIONS

In the end, the core research questions for this project included:

- What is Sony's local language production strategy? How is this strategy imagined and adapted? How does it operate differently depending on the location?
- What is the international division's (both from SPE headquarters and the local territories) relationship with their local production and distribution partners?
- What level of participation or agency do these partners hold?
- What negotiations or tensions arise in imagining "local" films (such as competing ideas of commercial film, national or regional media, audiences, and production practices)?

As discussed in Chapter Three, institutional language and industry discourse indicates how Sony constructs and imagines the LLP strategy as a "global," centralized local language strategy. Statements and documents from the 1990s show that Sony leaders specifically pursued that broad definition of the firm's reach and role. The production strategy was developed and mobilized to be flexible, mobile, and able to work in diverse European, Latin American, and Asia media industries. Sony originally developed this local strategy to open up cultural regional markets, starting in one large European or Latin American market hopefully to open other opportunities in the region. In terms of *centralized control*, the initial LLP offices in Brazil, Hong Kong, and Germany were designed to be autonomous and managed by local SPE executives. Gareth

Wigan assembled the local teams, greenlit each LLP, and, on occasion, advised the local producers on development and script changes. Yet, as my research reveals, these are *localized* products as produced by Sony's territories and their partners within a specific culture of production. The participation of local General Managers and Production executives such as Iona de Macedo ranged from developing scripts and visiting the sets to helping the filmmakers pitch their finished film to a Sony distribution division. However, the LLP strategy should not be considered as a completely top-down, institutionally enforced production and distribution operation. The interviews and field research show how these co-productions are *locally* bound through industry practices, policies, and conditions.

However, how Sony imagined the strategy differently within its various divisions and how it ended up operating are two different stories. What resulted in both of my locations are very "national" definitions of "local language" film as monolingual, fixed, hegemonic notions of a Brazilian or Spanish commercial cinema. How Sony do Brasil and Columbia Español adapted the LLP to local audiences, industries, and cultural practices varied considerably between these two locations. This is where SPE's industrial logic failed in creating a broad yet local production strategy. From the perspective of my two locations studies, Sony's LLP story reads like a scoreboard—Brazil as the success story and Spain as the failure.

On the one hand, this nationally bound strategy continues to work well in Brazil. Sony do Brasil has almost no risks with Article Three tax incentive money funding most of the productions, the large built-in mono-lingual national audience, the developing theatrical infrastructure, and the growing box office amid the overall economic growth of the country. Brazil proved to be an ideal setting for co-producing local language films because Sony do Brasil makes almost all decisions in-house, can focus on the growing national audience and theatrical market, and does not worry if the films travel internationally. It also does not worry whether Sony Releasing International agrees to bankroll an international release or not.

On the other hand, the overwhelming opinion from former Columbia Español employees and others was that the Spanish experiment was a failure. While the two Spanish LLPs were modest box office successes and the Spanish-Italian co-production was a financial triumph, ultimately the overall strategy was unsustainable. Columbia Español began with the LLP model to finance fully each project and eventually adapted to a minority co-production model, which showed some institutional flexibility. However, IMPPG still shuttered the Spanish and Western European production offices. My research observations revealed an incompatibility between a regional integrated model for filmmaking that relies on international co-productions and a patchwork of subsidies and funding. Many Spanish films also rely on a multi-territory distribution approach, particularly due to the fact that the small domestic audiences available to most

European nations are not enough to sustain a medium to big budget commercial product. SPE executives in Los Angeles influenced Sony's European production division's model, resulting in a more nationally-focused strategy for co-productions, financing, and audiences. One of the problems was how SPE's corporate notion of the LLP did not account for destabilizing pressures from city/state media culture and practices nor the European/regional media market system. Spanish cinema is not something produced and consumed solely within national Spanish borders. It operates through the city and state, such as Catalonia's growing resources as production center, and regionally, with complex European rules and incentives for production for a regional market.

This is a significant reality for which the local language production strategy did not account for. Ultimately, the failure of Sony's LLP strategy was due to removing decision-making power from its local territory offices, which led to internal conflict and competing notions of Spanish commercial cinema. Distribution outside of Spain was not a priority and, in turn, this local-as-nationally-contained strategy did not work with Spanish and European practices nor with Sony's central Spanish distribution model of English-language films.

My mid-level analysis of Sony's LLP strategy and location studies reveals less of a global strategy and more of a contradictory approach that really functions as a national production model that was unsustainable outside of a large market with a healthy box office like Brazil unless SPE is willing to make the necessary investment or adapt its

strategy. So a global strategy also has to be flexibly national, which Sony was prepared to deal with, and regional, as in Europe, which Sony did not really manage to adjust to. Although a major portion of this project discusses the workings of Sony's institutional structure, operations, and LLP logic, I found the relationships with local producers and distributors to be the most illuminating perspective of transnational media networks and practices. Ranging from small independent companies such as Downtown Films or Morena Films to the media conglomerates such as Globo or Telecinco, local production and distribution partners maintained an active position and participation in the decision-making process from development to distribution. In the Brazilian case, the production company holding all final creative decisions and rights to the projects is exceptional. Sony do Brasil is a partner, not a boss. What I found in the European case is a more traditional understanding of clashing Hollywood models and European creative sensibilities, particularly in terms of funding schemes, prints and advertising, and distribution models. Columbia Español's creative executives like de Macedo or Jordi Gasull were involved from script development to the editing room. Yet, most Spanish producers I spoke with described their relationship with Columbia Español as one of negotiation and compromise, not force or oppression. Many of these Madrid-based companies and creative workers admitted to picking and choosing their participation with Sony or others and were incredibly reflexive on the pros and cons of working within the confines of a "Hollywood process." Overall these mid-level professionals and processes

offered a more nuanced understanding of the complex relationship between a transnational media company and local production partners.

THEORETICAL IMPLICATIONS

By asking “what is a local film?”, in no way did I expect a simple answer, particularly in the case of co-productions. My project contributes to conversations about transnational media corporations, global production strategies, and local media practices, specifically key theories of media imperialism, deterritorialization and space/place, Global Hollywood, convergence, and circuits of culture. In relation to Schiller and Guback’s earlier discussions about media imperialism, Sony Pictures Entertainment was able to develop and maintain a LLP strategy over 1990s and 2000s due to their access to capital and resources as well as a strong distribution system. Because the majority of the Brazilian and Spanish LLP financing did not come from SPE but from local institutions, incentives, and partners, it is important to question a mentality to “follow the money” or attribute all financing to SPE equals all power and decision-making. While Brazilian partners had unprecedented creative control, however, as Spanish Columbia employees informed me, SPE executives based in Los Angeles considerably influenced many of the final decisions to participate in the film or creative changes to the script. Furthermore, no matter how invested Sony executives were in localizing production strategies, marketing and distributing English-language films is the

main business strategy in local markets. In Brazil, Spain, and other Sony LLP operations, the English-language content received the majority of the financing, resources, and personnel involved. Even when SPE invested simultaneously in developing a local co-production strategy, it was always apparent that Sony is in the business of English-language blockbusters.

Miller et. al's defines the institutions of *Global Hollywood* as simultaneously "border erasing" and "border defining," yet both case studies are location-specific and shaped significantly by competing ideas of space/place as well as realities of local conditions. While SPE employees describe a centralized, global strategy, in reality it operated as nationally and regionally-bound but influenced in each case study by different transnational, regional, national, and local factors. On the one hand, the Brazilian and Spanish LLP operations problematize the nation and earlier conceptions of national cinema such as Andreas Hepp and Nick Couldry's criticism of "container thinking." A film like *Chico Xavier* (2010) requires a number of professionals participating and providing input from the decision-making in Culver City to Sony do Brasil in São Paulo to producers, filmmakers, and crews located across Rio de Janeiro and the Northeast of Brazil. On the other hand, national (or also regional in the case of Spain) cultural policies, audiences, and production practices shaped these Sony LLPs. Because of these conditions, the Sony's local language strategy tends to operate more nationally than globally.

du Gay's "circuit of culture" serves an integrative way to understand the complex nature of the local language production strategy. By allowing the local conditions and interview-based research to guide my analysis, I was able to consider the different political, economic, cultural, regulatory, technological, and ideological processes affecting co-productions between a local Sony office and independent producer in Brazil or Spain. The interaction between the local player and various levels of this transnational media company presents films as fluid cultural products and offers a new interpretation of national cinema as simultaneously operating as local and global, as a product of SPE and independent company.

My research adds to literature about conglomeration and convergence. One of my key theoretical contributions, adapted from Havens, Lotz, and Tinic, is the decision-making and negotiation that takes places at the "mid-level" between local operations and SPE executives. My field research provided rich details of the LLP process and allowed me to interact and observe the mid-level management and executives working for SPE in their international or local operations. In the case of SPE, the company's attempts to converge international production practices and other production and distribution divisions sometimes worked and sometimes did not. Since there is no singular corporate plan or method for producing these local films, the multiple voices involved did not always agree. This resulted in what Henry Jenkins describes as a "dysfunctional family" situation of contemporary convergence practices. Particularly, the inconsistent oversight

of LLP operations and internal conflict with European production and distribution divisions present more of a disorganized and contradictory picture of Sony strategies for production and releasing these films.

The larger thematic and theoretical implications of my project discussed so far can apply more generally to contemporary local co-productions and industry conditions beyond Brazil and Spain, particularly to understanding factors such as subsidies, participation of television companies, competing distribution models, and the BRIC countries (Brazil, Russia, India, and China) as part of regional media markets. First, subsidies are a critical device for sustaining local media industries as well as attracting and supporting the local language initiatives of companies like SPE. They also reflect larger cultural industry debates about media policies developed from state support and market-driven initiatives. As my research reveals, cultural policy studies need a more nuanced conversation about how subsidies and incentives are not created equal. For example, Brazil's main support system Article Three resulted from the taxed income of Sony do Brasil and other international distribution companies whereas most of the subsidies in Spain originated from national government agencies and regional institutions. The flexibility of and access to these funding schemes and connotations of following the money in relation to the layers of creative agency and control held by Brazilian producers illustrates a more complex picture of "core-periphery" media partnerships than earlier media imperialist research suggests.

Second, television broadcasters maintain a principal role and position in local language film. Grounded in the recent global trends of convergence, cross-media integration, and changing cultural policies, my SPE institutional history and my location-specific research further confirms the blurring of traditional media boundaries particularly in more trans/national industry settings. The entire LLP strategy in Latin America emerged from a failed local television production model. Not only are the creative executives and territory offices flexible to move across television, film, home video, and digital technology but the production models are as well. Additionally, local television broadcasters (now media conglomerates) are key co-producers and marketers of these Brazilian or Spanish films, ranging from a full-scale operation with Globo Filmes contributing to marketing or a “reluctant,” legally obligated investor in the case of Spanish broadcaster government who provides legally required or enforced financing. LLP divisions, like SPE’s, look to established knowledge media companies such as Globo and Telecinco which are familiar with the domestic market and can deliver the popular mainstream audiences that Sony desires as well as ease financing and distribution costs. In the case of both location studies, Sony’s local production division must negotiate its participation and rely on resources of major nationally-based media conglomerates to help produce and release its local language films. Instead of perceiving Sony do Brasil or Columbia Español as merely an agent of a Hollywood studio imposing institutional, industrial and cultural practices onto a Spanish film co-production, the

participation of these local media giants complicates monolithic ideas of institutional power coming from the United States.

On the one hand, my study challenges Toby Miller et. al's totalizing view of the power of floating Hollywood capital as well as border-erasing and border-crossing nature of the co-production. Sony maintains a powerful position but is not the only agent of power in these production partnerships. On the other hand, from a cultural studies perspective and methodology, my field research did not diminish or relinquish any of the institutional power *Global Hollywood* attributes to Sony Pictures Entertainment. Instead, it reveals how the agency and power associated with media producers and the content they produce takes many forms and shapes across these LLP partnerships.

My research clearly illustrates how films produced from Sony subsidiaries cannot be classified as completely Hollywood (as some academic scholarship may suggest) or solely national media products (as some academic work from national cinemas tradition or SPE's discourse around the LLP strategy may argue). In the case of Brazil and a film like *Chico Xavier*, the film co-production operates as a *translocal* media product bound by trans/national partnerships, national industry and cultural practices, and local Rio production cultures in which it was created. With the case of Columbia Español, its first LLP, *Di Que Sí*, represents a more centralized and micromanaged process by LA-based SPE international executives, or, as Spanish film professionals described, "a Hollywood process." Yet, even with *Di Que Sí*, and especially with the Spanish LLP *Salir Pitando*

that shifted Sony's participation from major to minor producer, these are not solely Sony products. Instead, these films reflect Spanish industry practices from popular genre to the central position of subsidies and regional policies such as Television Without Frontiers.

Although defined and constructed as a production strategy, local language productions cannot be understood outside of local distribution practices and windows *or* SPE's institutional strategies. Most of the debates and clashing cultures of production revolved around distribution models including theatrical, home video, and online. While the opening weekend discourses and wider releases represent the current debates around Brazilian LLPs, declining DVD sales and online piracy factor into the closing of the Madrid division. On a broad level, LLP distribution is symptomatic of how the local territory office and SPE imagine local audiences for non-English-language films and Sony's dominant position as a domestic distributor of English-language content. Particularly, distribution should be situated within Sony's (and Columbia's) historic dominant position within international film markets as a Brazilian distributor kept reminding me. In both industrial contexts, most of the tension and friction between the producers and Sony emerged from distribution strategies. In both cases, SPE signed off on the number of prints produced and distributed theatrically. This averages as a conservative 250-300 copies despite the argument by local Sony do Brasil or Columbia Español executives of the films' potential for a wider release within domestic or international markets. However, this decision process varied greatly between the two

locations. In the case of Sony do Brasil, various sources claimed SPE left them alone and let them produce all of the advertising and marketing materials in-house. However, decisions were managed from another general manager and office in Spain and the local Sony distributor in Spain had a say in creative and marketing decisions and distribution.

Finally, this LLP study signals a shift from a traditional view or strategy for international markets characterized by Western European audiences to growing economies and markets within the BRIC regions (Brazil, Russia, India, and China). While earlier studies by Thomas Guback, Kristin Thompson, Colin Hoskins et al., and so on focused on the interdependent relationship between Hollywood and Europe, currently Europe largely is portrayed as a stagnant regional film market. Over the past decade companies like SPE, Warner Bros., and Universal Pictures are aiming their international production and distribution operations at a different audience. By 2006, SPE CEO Michael Lynton claimed that the markets in Brazil, India, and Russia “will become more and more important to us”³ due to their position as large, national markets with economic growth, audiences, and infrastructure such as the increase in multiplex theaters. As discussed in the Chapter Four, Brazil is one of the fastest growing economies in the 2000s and 2010s. SPE and other filmed entertainment companies betting the next phase of growth within international operations on countries like Brazil with an expanding middle class population and theatrical infrastructure that should reach close to 2,500

³ Eric Pfanner, “Hollywood learning Hindi and Russian Profits Sighted in New Film Markets,” *International Herald Tribune* 3:1 (17 May 2006).

screens by 2012. As evidence of the SPE's refocused efforts on the BRIC region, Sony's international production division is again retooling the LLP strategy and reimagining a new set of audiences within a different local, national, regional, and transnational dynamic.⁴

My location-specific research shows how a generalized theory to explain Sony's local language productions is counter-productive and not my intention. Particular political, economic, technological, and cultural forces shape the Brazilian division as was the case with the short-lived Spanish operation. Instead, what emerges are different and competing perspectives from SPE executives, local Sony creative executives, and their production and distribution partners from what constitutes local media or distribution models in Brazil and Spain. Brazilian and Spanish LLPs reveal the unstable and contradictory practices involved in producing national cinema. Yet, to some extent, the persistence of the national cinema model continues as Sony's international production strategy still relies heavily on a contained, monolingual idea of national cinema and audiences. Furthermore, my location studies present an even more unstable view of competing visions within media conglomerates. From the disagreements between Sony do Brasil's creative employees and executives about what constitutes Brazilian blockbusters to Columbia Español's battles with the Madrid-based Sony Pictures International Releasing general manager over signing off on projects, SPE's institutional

⁴ Scott Galup, "Giving the World What It Wants: Does Hollywood's Hunt for New Markets Dumb Down Films?" *The Washington Times* D01 (11 May 2007).

practices and LLP application are not organized, neat, or linear decision-making processes. The local language film production strategy simultaneously is both a success and failure, flexible and static, location-bound and deterritorialized. Overall, my expansive project challenges theories of media globalization for an organization like Sony.

LIMITATIONS

Ambitious in scope, size, and methodology, the main objective of my dissertation project was to explore one international strategy within one institution operating across multiple locations. Yet, due to accessibility issues, time, resources, and general linguistic/cultural/industrial knowledge, the nature of my project has its limitations. Primarily, because I focused on one division within SPE, I was not able to address the other media divisions and their relationships to Brazilian or Spanish LLPs. For example, division Sony Pictures Classics emerges as a minor player in the story of Sony do Brasil. Iona de Macedo recalled her and the director and producer of *Eu, Tu, Eles*, Andrucha Waddington, putting together promotional materials in order to pitch the project to Sony Pictures Classics to receive gap funding and an international distribution deal. To explore fully a complete internal structure and international operations, the complex relationship between the local LLP office and various SPE media divisions is an element that needs to be developed as I expand this project.

Additionally, I was unable to interview the key executives working within the local television conglomerates, Globo or Telecinco, or their film divisions. Even with multiple references and connections, it came down to an access problem and lack of understanding about how to penetrate the massive organizations. Interestingly, it was easier to contact and interview multiple Brazilian Sony employees than to schedule a meeting with an employee of Globo Filmes. In this instance, I was expected to submit a research proposal to Globo Universidade, one of their representatives would evaluate my request, and I might or might not receive access to speak to an employee within a six- to nine-month period. In the future, I will conduct follow-up interviews in both Brazil and Spain in order to speak with employees working in these film divisions. This will allow a clearer picture of their participation in LLPs through marketing and financing as well as their relationships to a Sony LLP division. By expanding on the role of these local conglomerates in the local film industries, my research will offer a more complex picture of Rio de Janeiro or Madrid as a media capital and central hub for a regional media market.

Finally, due to time, accessibility, and my own cultural knowledge and fluency, I chose to focus on Madrid as the center of European LLP production between 2001-2007. However, as discussed in Chapter Three, the Spanish LLP trajectory is a regional one framed by Germany from its initial “failure” between 1990s-2001 and operational rebirth 2007 to 2010. I want to expand my Spanish analysis to consider a more regionally-

focused history of Sony LLP operations to understand the central position of Germany in Sony overall LLP' strategy and trajectory. I plan to conduct further industrial field research in order to examine the German LLP operation and the interview the executives, producers, and distributors who will offer a more nuanced analysis of the national operations within a larger European LLP strategy and industrial conditions.

THE FUTURE OF LLPs

My project speaks to Sony Pictures Entertainment's institutional history, strategy, and relationships during the period between the late mid-1990s to 2010, yet this part of Sony's history is also symptomatic of where the film industry is moving on a larger level. Since 2007 when SPE consolidated its international production operations under IMPPG, a number of its media company peers followed suit. Warner Bros., Fox, Universal, and Paramount are expanding and consolidating their own international film production activities within newly created divisions. For example, Fox International Productions (FIP) launched in 2008. Its LLP expands beyond Sony's focus on developing content locally to include remaking 20th Century Fox's English-language films such as *Bride Wars* (dir. Gary Winick, 2009) and Fox Searchlight's *Sideways* (dir. Alexander Payne, 2004) in India and Japan, respectively. According to FIP's President Sanford Panitch:

We're trying to produce local-language films all over the world. We're using the synergy between our distribution operations in all of these territories to tie up with the local production division. There is a shift in the market toward local content. It

validates what we're trying to achieve with these projects.⁵

FIP operates in the markets of Brazil, Russia, India, and Japan in a manner similar to Sony's move away from traditional Western European audiences to a recent focus on BRIC LLP strategy. Increased economic growth and changing industry infrastructure in these countries have led to SPE, FIP, and others to reimagine how they prioritize and value their "global" audiences. An expansion into the BRIC regions has overtaken a historical strategy for international operations bound in traditional geographical regions. This is happening industry-wide and needs further research and discussions that move beyond the position of these film divisions and their international operations as exporting English-language films.

LLP operations and strategies are not just relegated to these transnational film studios. Other prominent regional and national companies are expanding towards local language co-productions. One of the largest and best-known production companies in Brazil, Conspiração Filmes, has expanded its operations beyond São Paulo and Rio de Janeiro with an office in Hamburg, Germany, since 2008. Run by one of the producing partners, Leonardo Monteiro de Barros, the German office is involved in English- and Spanish-language films such as the Spanish-Brazilian co-production *Lope* (dir. Andrucha Waddington, 2010) and other recent European-Brazilian co-productions. In return, European production companies are looking to work with industries such as in Brazil due

⁵ Sanford Panitch as qtd. in Ali Jaafar, "Fox Offers Local-language films" *Variety* (25 March 2009) accessed online (15 April 2010).

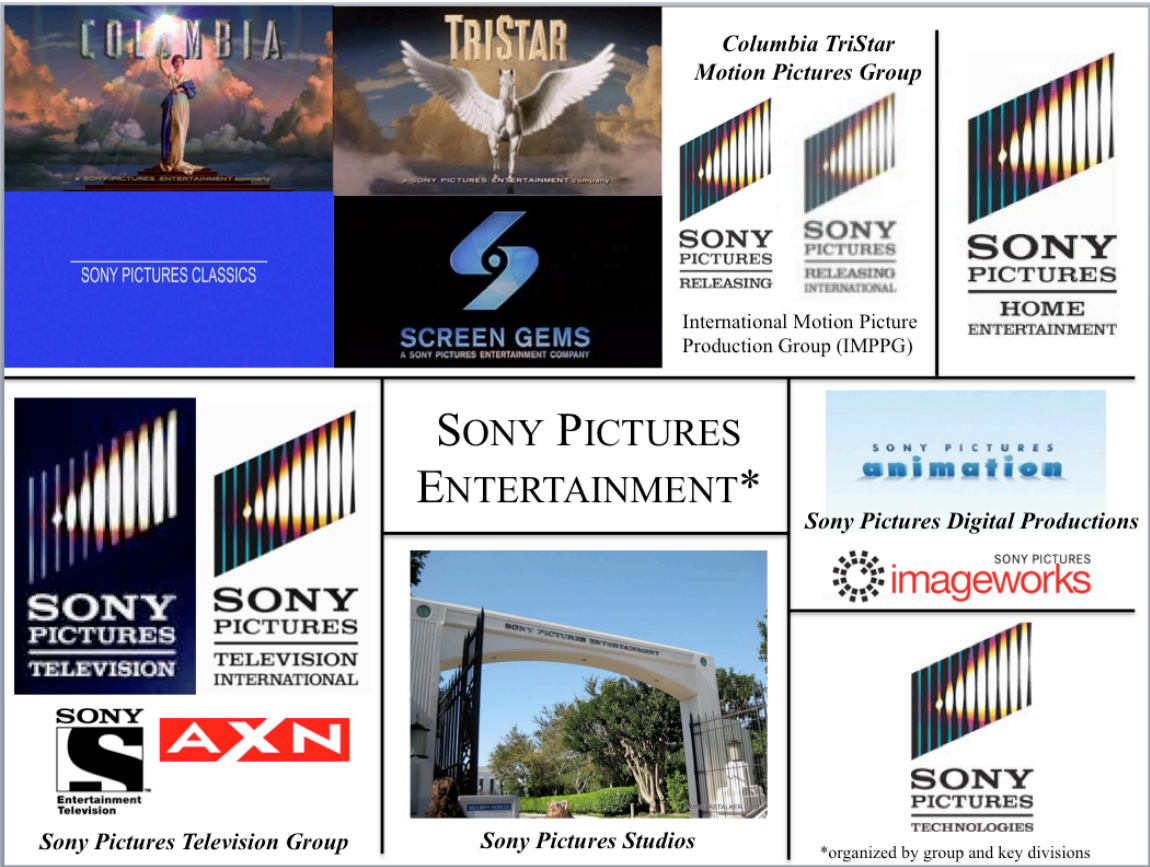
to their lucrative incentives and large domestic box office. As resources and audiences in Spain and other European countries decrease and fragment, a number of Spanish producers in Madrid predict a rise of Latin American-European co-productions in the future to take advantage of financing, cheaper shoots, and crews.

Therefore, Sony's (or Fox's or Warners's) international production division is not the only institution reimagining national media, audiences, and film practices beyond traditional borders. Sony do Brasil's or Columbia Español's production and distribution offices played a major part in developing, producing, and releasing these local language co-productions. Part of my project was to acknowledge their cultural work and understand how to imagine the films, local industry, and audiences. While Sony's international production group alongside its partnering SPE divisions may maintain a more dominant position through their capital and resources, film companies such as Brazil's *Conspiração* or Spain's *Morena* are expanding their operations beyond a geographically, linguistically, or culturally fixed idea of Brazilian or Spanish national cinema.

Even though the history of Sony's local language division represents a unique case study or institutional history, it is also symptomatic of a key change within trans/national film industries in the 2000s. In a period where increased flows of media images, talent, resources, and capital are becoming more flexible, localized, and borderless, the local language film strategy either will be adapted successfully to

changing local markets such as Brazil or unable to cross cultural-industrial conditions as in Spain. What will be important to observe is how Sony and other transnational media companies deal within countries such as India which have strong domestic industries, regional state cultural identities, and multiple competing languages. The real question is whether the LLP strategy is a product of this industrial moment or a sustainable production model able to adapt to the growing media cultural markets and favorable cultural, political, economic, and technological conditions.

Appendix A: Sony Pictures Entertainment Organization Chart



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